



House of Representatives

General Assembly

File No. 414

February Session, 2010

Substitute House Bill No. 5358

House of Representatives, April 8, 2010

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO ECONOMIC DEVELOPMENT STATUTES.

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

1 Section 1. Subdivision (59) of section 12-81 of the 2010 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective October 1, 2010, and applicable to assessment years*
4 *commencing on and after October 1, 2010*):

5 (59) (a) Any manufacturing facility, as defined in section 32-9p, as
6 amended by this act, acquired, constructed, substantially renovated or
7 expanded on or after July 1, 1978, in a distressed municipality, as
8 defined in said section or in a targeted investment community, as
9 defined in section 32-222, or in an enterprise zone designated pursuant
10 to section 32-70 and for which an eligibility certificate has been issued
11 by the Department of Economic and Community Development, and
12 any manufacturing plant designated by the Commissioner of
13 Economic and Community Development under subsection (a) of
14 section 32-75c as follows: To the extent of eighty per cent of its

15 valuation for purposes of assessment in each of the five full assessment
16 years following the assessment year in which the acquisition,
17 construction, renovation or expansion of the manufacturing facility is
18 completed, except that a manufacturing facility having a [standard
19 industrial classification code of 2833 or 2834] North American
20 Industrial Classification Code of 325411 or 325412 and having at least
21 one thousand full-time employees, as defined in subsection (f) of
22 section 32-9j, as amended by this act, shall be eligible to have the
23 assessment period extended for five additional years upon approval of
24 the commissioner, in accordance with all applicable regulations,
25 provided such full-time employees have not been relocated from
26 another facility in the state operated by the same eligible applicant;

27 (b) Any service facility, as defined in section 32-9p, as amended by
28 this act, acquired, constructed, substantially renovated or expanded on
29 or after July 1, 1996, and for which an eligibility certificate has been
30 issued by the Department of Economic and Community Development,
31 as follows: (i) In the case of an investment of twenty million dollars or
32 more but not more than thirty-nine million dollars in the service
33 facility, to the extent of forty per cent of its valuation for purposes of
34 assessment in each of the five full assessment years following the
35 assessment year in which the acquisition, construction, renovation or
36 expansion of the service facility is completed; (ii) in the case of an
37 investment of more than thirty-nine million dollars but not more than
38 fifty-nine million dollars in the service facility, to the extent of fifty per
39 cent of its valuation for purposes of assessment in each of the five full
40 assessment years following the assessment year in which the
41 acquisition, construction, renovation or expansion of the service
42 facility is completed; (iii) in the case of an investment of more than
43 fifty-nine million dollars but not more than seventy-nine million
44 dollars in the service facility, to the extent of sixty per cent of its
45 valuation for purposes of assessment in each of the five full assessment
46 years following the assessment year in which the acquisition,
47 construction, renovation or expansion of the service facility is
48 completed; (iv) in the case of an investment of more than seventy-nine
49 million dollars but not more than ninety million dollars in the service

50 facility, to the extent of seventy per cent of its valuation for purposes of
51 assessment in each of the five full assessment years following the
52 assessment year in which the acquisition, construction, renovation or
53 expansion of the service facility is completed; or (v) in the case of an
54 investment of more than ninety million dollars in the service facility, to
55 the extent of eighty per cent of its valuation for purposes of assessment
56 in each of the five full assessment years following the assessment year
57 in which the acquisition, construction, renovation or expansion of the
58 service facility is completed, except that any financial institution, as
59 defined in section 12-217u, having at least four thousand qualified
60 employees, as determined in accordance with an agreement pursuant
61 to subdivision (3) of subsection (n) of section 12-217u, shall be eligible
62 to have the assessment period extended for five additional years upon
63 approval of the commissioner, in accordance with all applicable
64 regulations, provided such full-time employees have not been
65 relocated from another facility in the state operated by the same
66 eligible applicant. In no event shall the definition of qualified
67 employee be more favorable to the employer than the definition
68 provided in section 12-217u;

69 (c) The completion date of a manufacturing facility, manufacturing
70 plant or a service facility will be determined by the Department of
71 Economic and Community Development taking into account the
72 issuance of occupancy certificates and such other factors as it deems
73 relevant. In the case of a manufacturing facility, manufacturing plant
74 or a service facility which consists of a constructed, renovated or
75 expanded portion of an existing plant, the assessed valuation of the
76 facility or manufacturing plant is the difference between the assessed
77 valuation of the plant prior to its being improved and the assessed
78 valuation of the plant upon completion of the improvements. In the
79 case of a manufacturing facility, manufacturing plant or a service
80 facility which consists of an acquired portion of an existing plant, the
81 assessed valuation of the facility or manufacturing plant is the assessed
82 valuation of the portion acquired. This exemption shall be applicable
83 during each such assessment year regardless of any change in the
84 ownership or occupancy of the facility or manufacturing plant. If

85 during any such assessment year, however, any facility for which an
86 eligibility certificate has been issued ceases to qualify as a
87 manufacturing facility, manufacturing plant or a service facility, the
88 entitlement to the exemption allowed by this subdivision shall
89 terminate for the assessment year following the date on which the
90 qualification ceases, and there shall not be a pro rata application of the
91 exemption. Any person who desires to claim the exemption provided
92 in this subdivision shall file annually with the assessor or board of
93 assessors in the distressed municipality, targeted investment
94 community or enterprise zone designated pursuant to section 32-70 in
95 which the manufacturing facility or service facility is located, on or
96 before the first day of November, written application claiming such
97 exemption on a form prescribed by the Secretary of the Office of Policy
98 and Management. Failure to file such application in this manner and
99 form within the time limit prescribed shall constitute a waiver of the
100 right to such exemption for such assessment year, unless an extension
101 of time is allowed pursuant to section 12-81k, and upon payment of the
102 required fee for late filing;

103 Sec. 2. Section 12-81u of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective October 1, 2010, and*
105 *applicable to assessment years commencing on and after October 1, 2010*):

106 Any municipality may, by vote of its legislative body or, in a
107 municipality where the legislative body is a town meeting, by vote of
108 the board of selectmen, abate up to one hundred per cent of the
109 property taxes due for any tax year with respect to real or personal
110 property of any communications establishment [included in major
111 group 48, in the Standard Industrial Classification Manual, United
112 States Office of Management and Budget, 1987 edition] with a North
113 American Industrial Classification code of 515111, 515112, 515120,
114 515210, 517110 or 517410.

115 Sec. 3. Section 32-9j of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective July 1, 2010*):

117 For the purposes of sections 32-9i to 32-9l, inclusive, the following

118 terms shall have the following meanings unless the context indicates
119 another meaning and intent:

120 (a) "Eligible municipality" means any municipality in the state
121 which is a distressed municipality as defined in subsection (b) of
122 section 32-9p, as amended by this act, and any other municipality in
123 the state which has a population of not less than ten thousand and
124 which has a rate of unemployment which exceeds one hundred ten per
125 cent of the state's average rate of unemployment, as determined by the
126 Labor Department, for the calendar year preceding the determination
127 of eligibility, provided no such other municipality with an
128 unemployment rate of less than six per cent shall be eligible. Eligible
129 municipalities shall be designated by the Department of Economic and
130 Community Development.

131 (b) "Eligible business facility" means (1) a business facility located in
132 an eligible municipality and for which a certificate of eligibility or
133 commitment letter has been issued by the department prior to March
134 1, 1991; or (2) a business facility for which a certificate of eligibility has
135 been issued by the department and which is located in an enterprise
136 zone designated pursuant to section 32-70. A business facility for
137 which such a certificate is issued shall be deemed an eligible business
138 facility only during the twenty-four-month period following the day
139 on which the certificate of eligibility is issued. A business facility may
140 not become an eligible business facility for the purposes of sections 32-
141 9i to 32-9l, inclusive, unless it meets each of the following
142 requirements: (A) It is a facility which does not primarily serve said
143 eligible municipality in which it is located. A facility shall be deemed
144 to meet this requirement if it is used primarily for the manufacturing,
145 processing or assembling of raw materials or manufactured products,
146 or for research or industrial warehousing, or any combination thereof
147 or, if located in an enterprise zone designated pursuant to section 32-
148 70, it is to be used by an establishment, an auxiliary or an operating
149 unit of an establishment, [as such terms are defined in the Standard
150 Industrial Classification Manual, in the categories of depository
151 institutions, nondepository credit institutions, insurance carriers,

152 holding or other investment offices, business services, health services,
153 fishing, hunting and trapping, motor freight transportation and
154 warehousing, water transportation, transportation by air,
155 transportation services, security and commodity brokers, dealers,
156 exchanges and services or engineering, accounting, research,
157 management and related services from the Standard Industrial
158 Classification Manual, which establishment, auxiliary or operating unit
159 shows a strong performance in exporting goods and services, as
160 defined by the commissioner through regulations adopted in
161 accordance with the provisions of chapter 54] which is an economic
162 base business as defined in subsection (d) of section 32-222 or has a
163 North American Industrial Classification code of 114111 through
164 114210, 311111 through 339999 or 482111 through 484230, 488310,
165 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120, 512191,
166 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120,
167 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128,
168 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310,
169 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any
170 business that is part of an economic cluster, as defined in subsection (e)
171 of section 32-222, or any establishment or auxiliary or operating unit
172 thereof, as defined in the North American Industrial Classification
173 System Manual. A facility shall not be deemed to meet this
174 requirement if (i) it is used primarily in making retail sales of goods or
175 services to customers who personally visit such facility to obtain such
176 goods or services, or (ii) it is used primarily as a hotel, apartment
177 house or other place of business which furnishes dwelling space or
178 accommodations to either residents or transients; (B) it is a facility
179 which is newly constructed or has undergone major expansion or
180 renovation as determined by the Commissioner of Economic and
181 Community Development, and (C) it is a facility which will create in
182 the eligible municipality in which it is located, as a direct result of such
183 construction, expansion or renovation, not less than five new
184 employment positions, or in the case of a facility located in an
185 enterprise zone designated pursuant to section 32-70, not less than
186 three new employment positions in the enterprise zone.

187 (c) "Commissioner" means the Commissioner of Economic and
188 Community Development.

189 (d) "Department" means the Department of Economic and
190 Community Development.

191 (e) "Eligibility period" means the twenty-four-month period
192 following the day on which the certificate of eligibility is issued.

193 (f) "Full-time employee" means an employee who works a minimum
194 of thirty-five hours per week.

195 Sec. 4. Section 32-9p of the general statutes is repealed and the
196 following is substituted in lieu thereof (*Effective July 1, 2010*):

197 As used in subdivisions (59) and (60) of section 12-81, as amended
198 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
199 by this act, and 32-23p, the following words and terms have the
200 following meanings:

201 (a) "Area of high unemployment" means, as of the date of any final
202 and official determination by the authority or the department to
203 extend assistance under said sections, any municipality which is a
204 distressed municipality as defined in subsection (b) of this section, and
205 any other municipality in the state which in the calendar year
206 preceding such determination had a rate of unemployment which
207 exceeded one hundred ten per cent of the average rate of
208 unemployment in the state for the same calendar year, as determined
209 by the Labor Department, provided no such other municipality with
210 an unemployment rate of less than six per cent shall be an area of high
211 unemployment.

212 (b) "Distressed municipality" means, as of the date of the issuance of
213 an eligibility certificate, any municipality in the state which, according
214 to the United States Department of Housing and Urban Development
215 meets the necessary number of quantitative physical and economic
216 distress thresholds which are then applicable for eligibility for the
217 urban development action grant program under the Housing and

218 Community Development Act of 1977, as amended, or any town
219 within which is located an unconsolidated city or borough which
220 meets such distress thresholds. Any municipality which, at any time
221 subsequent to July 1, 1978, has met such thresholds but which at any
222 time thereafter fails to meet such thresholds, according to said
223 department, shall be deemed to be a distressed municipality for a
224 period of five years subsequent to the date of the determination that
225 such municipality fails to meet such thresholds, unless such
226 municipality elects to terminate its designation as a "distressed
227 municipality", by vote of its legislative body, not later than September
228 1, 1985, or not later than three months after receiving notification from
229 the commissioner that it no longer meets such thresholds, whichever is
230 later. In the event a distressed municipality elects to terminate its
231 designation, the municipality shall notify the commissioner and the
232 Secretary of the Office of Policy and Management in writing within
233 thirty days. In the event that the commissioner determines that
234 amendatory federal legislation or administrative regulation has
235 materially changed the distress thresholds thereby established,
236 "distressed municipality" shall mean any municipality in the state
237 which meets comparable thresholds of distress which are then
238 applicable in the areas of high unemployment and poverty, aging
239 housing stock and low or declining rates of growth in job creation,
240 population and per capita income as established by the commissioner,
241 consistent with the purposes of subdivisions (59) and (60) of section 12-
242 81, as amended by this act, and sections 12-217e, 32-9p to 32-9s,
243 inclusive, as amended by this act, and 32-23p, in regulations adopted
244 in accordance with chapter 54. For purposes of sections 32-9p to 32-9s,
245 inclusive, as amended by this act, "distressed municipality" shall also
246 mean any municipality adversely impacted by a major plant closing,
247 relocation or layoff, provided the eligibility of a municipality shall not
248 exceed two years from the date of such closing, relocation or layoff.
249 The Commissioner of Economic and Community Development shall
250 adopt regulations, in accordance with the provisions of chapter 54,
251 which define what constitutes a "major plant closing, relocation or
252 layoff" for purposes of sections 32-9p to 32-9s, inclusive, as amended

253 by this act. "Distressed municipality" shall also mean the portion of
254 any municipality which is eligible for designation as an enterprise
255 zone pursuant to subdivision (2) of subsection (b) of section 32-70.

256 (c) "Eligibility certificate" means a certificate issued by the
257 department pursuant to section 32-9r, as amended by this act,
258 evidencing its determination that a facility for which an application for
259 assistance has been submitted qualifies as a manufacturing facility and
260 is eligible for assistance under section 12-217e and subdivisions (59)
261 and (60) of section 12-81, as amended by this act.

262 (d) "Manufacturing facility" means any plant, building, other real
263 property improvement, or part thereof, (1) which (A) is constructed or
264 substantially renovated or expanded on or after July 1, 1978, in a
265 distressed municipality, a targeted investment community as defined
266 in section 32-222, or an enterprise zone designated pursuant to section
267 32-70, or (B) is acquired on or after July 1, 1978, in a distressed
268 municipality, a targeted investment community as defined in section
269 32-222, or an enterprise zone designated pursuant to said section 32-70,
270 by a business organization which is unrelated to and unaffiliated with
271 the seller, after having been idle for at least one year prior to its
272 acquisition and regardless of its previous use; (2) which is to be used
273 for the manufacturing, processing or assembling of raw materials,
274 parts or manufactured products, for research and development
275 facilities directly related to manufacturing, for the significant servicing,
276 overhauling or rebuilding of machinery and equipment for industrial
277 use, or, except as provided in this subsection, for warehousing and
278 distribution or, (A) if located in an enterprise zone designated
279 pursuant to said section 32-70, which is to be used by an establishment,
280 an auxiliary or an operating unit of an establishment, [as such terms
281 are defined in the Standard Industrial Classification Manual, in the
282 categories of depository institutions, nondepository credit institutions,
283 insurance carriers, holding or other investment offices, business
284 services, health services, fishing, hunting and trapping, motor freight
285 transportation and warehousing, water transportation, transportation
286 by air, transportation services, security and commodity brokers,

287 dealers, exchanges and services, telemarketing or engineering,
288 accounting, research, management and related services including, but
289 not limited to, management consulting services from the Standard
290 Industrial Classification Manual or in Sector 48, 49, 52, 54, 55, or 62,
291 Subsector 114 or 561, or industry group 5621 in the North American
292 Industrial Classification System, United States Manual, United States
293 Office of Management and Budget, 1997 edition, which establishment,
294 auxiliary or operating unit shows a strong performance in exporting
295 goods and services, and as further defined by the commissioner
296 through regulations adopted under chapter 54] which is an economic
297 base business as defined in subsection (d) of section 32-222 or has a
298 North American Industrial Classification code of 114111 through
299 114210, 311111 through 339999 or 482111 through 484230, 488310,
300 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120, 512191,
301 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120,
302 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128,
303 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310,
304 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any
305 business that is part of an economic cluster, as defined in subsection (e)
306 of section 32-222, or any establishment or auxiliary or operating unit
307 thereof, as defined in the North American Industrial Classification
308 System Manual, or (B) if located in an enterprise zone designated
309 pursuant to said section 32-70, which is to be used by an establishment
310 primarily engaged in supplying goods or services in the fields of
311 computer hardware or software, computer networking,
312 telecommunications or communications, or (C) if located in a
313 municipality with an entertainment district designated under section
314 32-76 or established under section 2 of public act 93-311, is to be used
315 in the production of entertainment products, including multimedia
316 products, or as part of the airing, display or provision of live
317 entertainment for stage or broadcast, including support services such
318 as set manufacturers, scenery makers, sound and video equipment
319 providers and manufacturers, stage and screen writers, providers of
320 capital for the entertainment industry and agents for talent, writers,
321 producers and music properties and technological infrastructure

322 support including, but not limited to, fiber optics, necessary to support
323 multimedia and other entertainment formats, except entertainment
324 provided by or shown at a gambling or gaming facility or a facility
325 whose primary business is the sale or serving of alcoholic beverages;
326 and (3) for which the department has issued an eligibility certificate in
327 accordance with section 32-9r, as amended by this act. In the case of
328 facilities which are acquired, the department may waive the
329 requirement of one year of idleness if it determines that, absent
330 qualification as a manufacturing facility under subdivisions (59) and
331 (60) of section 12-81, as amended by this act, and sections 12-217e, 32-
332 9p to 32-9s, inclusive, as amended by this act, and 32-23p, there is a
333 high likelihood that the facility will remain idle for one year. In the
334 case of facilities located in an enterprise zone designated pursuant to
335 said section 32-70, (A) the idleness requirement in subparagraph (B) of
336 subdivision (1) of this subsection, for business organizations which
337 over the six months preceding such acquisition have had an average
338 total employment of between six and nineteen employees, inclusive,
339 shall be reduced to a minimum of six months, and (B) the idleness
340 requirement shall not apply to business organizations with an average
341 total employment of five or fewer employees, provided no more than
342 one eligibility certificate shall be issued under this subparagraph for
343 the same facility within a three-year period. Of those facilities which
344 are for warehousing and distribution, only those which are newly
345 constructed or which represent an expansion of an existing facility
346 qualify as manufacturing facilities. In the event that only a portion of a
347 plant is acquired, constructed, renovated or expanded, only the
348 portion acquired, constructed, renovated or expanded constitutes the
349 manufacturing facility. A manufacturing facility which is leased may
350 for the purposes of subdivisions (59) and (60) of section 12-81, as
351 amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as
352 amended by this act, and 32-23p, be treated in the same manner as a
353 facility which is acquired if the provisions of the lease serve to further
354 the purposes of subdivisions (59) and (60) of section 12-81, as amended
355 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
356 by this act, and 32-23p and demonstrate a substantial, long-term

357 commitment by the occupant to use the manufacturing facility,
358 including a contract for lease for an initial minimum term of five years
359 with provisions for the extension of the lease at the request of the
360 lessee for an aggregate term which shall not be less than ten years, or
361 the right of the lessee to purchase the facility at any time after the
362 initial five-year term, or both. For a facility located in an enterprise
363 zone designated pursuant to said section 32-70, and occupied by a
364 business organization with an average total employment of ten or
365 fewer employees over the six-month period preceding acquisition,
366 such contract for lease may be for an initial minimum term of three
367 years with provisions for the extension of the lease at the request of the
368 lessee for an aggregate term which shall not be less than six years, or
369 the right of the lessee to purchase the facility at any time after the
370 initial three-year term, or both, and may also include the right for the
371 lessee to relocate to other space within the same enterprise zone,
372 provided such space is under the same ownership or control as the
373 originally leased space or if such space is not under such same
374 ownership or control as the originally leased space, permission to
375 relocate is granted by the lessor of such originally leased space, and
376 such relocation shall not extend the duration of benefits granted under
377 the original eligibility certificate. Except as provided in subparagraph
378 (B) of subdivision (1) of this subsection, a manufacturing facility does
379 not include any plant, building, other real property improvement or
380 part thereof used or usable for such purposes which existed before July
381 1, 1978.

382 (e) "Service facility" means a [manufacturing] facility described in
383 subparagraph (A) or (B) of subdivision (2) of subsection (d) of this
384 section, provided such facility is located outside of an enterprise zone
385 in a targeted investment community.

386 (f) "Authority", "capital reserve fund bond", "commissioner",
387 "department", "industrial project" and "insurance fund" shall have the
388 meaning such words and terms are given in section 32-23d.

389 (g) "Municipality" means any town, city or borough in the state.

390 Sec. 5. Subsection (f) of section 32-9r of the general statutes is
391 repealed and the following is substituted in lieu thereof (*Effective July*
392 *1, 2010*):

393 (f) The commissioner shall adopt regulations, in accordance with
394 chapter 54, to carry out the provisions of this section. Such regulations
395 shall provide that establishments in the category of business support
396 services, as defined in [the Standard Industrial Classification Manual]
397 subsection (b) of section 32-222, or manufacturing facilities, as defined
398 in subsection (d) of section 32-9p, as amended by this act, may be
399 eligible for a certificate if they are located in an enterprise zone.

400 Sec. 6. Subdivision (1) of subsection (g) of section 32-9t of the
401 general statutes is repealed and the following is substituted in lieu
402 thereof (*Effective July 1, 2010*):

403 (g) (1) The commissioner, upon consideration of the application, the
404 revenue impact assessment and any additional information that the
405 commissioner requires concerning a proposed investment, may
406 approve an investment if the commissioner concludes that the project
407 in which such investment is to be made is an eligible urban
408 reinvestment project or an eligible industrial site investment project. If
409 the commissioner rejects an application, the commissioner shall
410 specifically identify the defects in the application and specifically
411 explain the reasons for the rejection. The commissioner shall render a
412 decision on an application not later than ninety days from its receipt.
413 The amount of the investment so approved shall not exceed the greater
414 of: (A) The amount of state revenue that will be generated according to
415 the revenue impact assessment prepared under this subsection; or (B)
416 the total of state revenue and local revenue generated according to
417 such assessment in the case of a manufacturing business with
418 [standard industrial classification codes of 3999, 2099, 2992 and 2834
419 which] North American Industrial Classification codes of 339999,
420 311211 through 312140, 324191 and 325412 that is relocating to a site in
421 Connecticut from out-of-state, provided the relocation will result in
422 new development of at least seven hundred twenty-five thousand

423 square feet in a state-sponsored industrial park.

424 Sec. 7. Subsection (d) of section 16a-40b of the general statutes is
425 repealed and the following is substituted in lieu thereof (*Effective July*
426 *1, 2010*):

427 (d) With respect to such loans made on or after July 1, 1981, all
428 repayments of principal shall be [paid to the State Treasurer for
429 deposit in the Housing Repayment and Revolving Loan Fund]
430 deposited into the Energy Conservation Loan Fund established
431 pursuant to section 16a-40a. The interest applicable to any such loans
432 made shall be paid to the State Treasurer for deposit in the General
433 Fund. After the close of each fiscal year, commencing with the close of
434 the fiscal year ending June 30, 1992, and prior to the date of the
435 calculation required under subsection (f) of this section, the
436 Commissioner of Economic and Community Development shall cause
437 any balance of loan repayments under this section remaining in said
438 fund to be transferred to the Energy Conservation Loan Fund created
439 pursuant to section 16a-40a.

440 Sec. 8. Subparagraph (B) of subdivision (2) of subsection (e) of
441 section 8-37qq of the general statutes is repealed and the following is
442 substituted in lieu thereof (*Effective July 1, 2010*):

443 (B) Notwithstanding any provision of the general statutes or any
444 public or special act to the contrary, except as provided in this
445 subsection, loans for any bond-financed state housing program which
446 the ultimate recipient is obligated to repay to the state, with or without
447 interest, may be paid out of moneys deposited in the Housing
448 Repayment and Revolving Loan Fund without the prior approval of
449 the State Bond Commission, subject to the approval of the Governor of
450 an allotment. [All payments on energy conservation loans pursuant to
451 said section 16a-40b shall be accounted for separately from other
452 moneys in the Housing Repayment and Revolving Loan Fund, and
453 shall be used to make further loans pursuant to said section 16a-40b
454 and to pay any administrative expense attributable to such loans.]

455 Sec. 9. Subdivision (3) of section 38a-88a of the general statutes is
456 repealed and the following is substituted in lieu thereof (*Effective July*
457 *1, 2010*):

458 (3) "New job" means a job that did not exist in the business of a
459 subject insurance business in this state prior to the subject insurance
460 business's application to the commissioner for an eligibility certificate
461 under this section for a new facility and that is filled by a new
462 employee, but does not include a job created when an employee is
463 shifted from an existing location of the subject insurance business in
464 this state to a new facility or was the result of a merger or acquisition
465 between the insurance business and another business located in the
466 state;

467 Sec. 10. Section 32-345 of the general statutes is repealed and the
468 following is substituted in lieu thereof (*Effective July 1, 2010*):

469 (a) The Department of Economic and Community Development
470 may establish a Connecticut development research and economic
471 assistance matching grant program, within available appropriations
472 and, for the purposes of providing financial aid, as defined in
473 subdivision (4) of section 32-34, to assist: (1) Connecticut small
474 businesses in conducting marketing-related activities to facilitate
475 commercialization of research projects funded under the small
476 business innovation research program or the small business
477 technology transfer program; (2) business-led consortia or Connecticut
478 businesses in connection with their participation in a federal
479 technology support program; and (3) micro businesses, in conducting
480 development and research. The department may enter into an
481 agreement, pursuant to chapter 55a, with a person, firm, corporation or
482 other entity to operate such program.

483 (b) Applications shall be submitted in the manner prescribed by the
484 department. Each such application shall include the following: (1) The
485 location of the principal place of business of the applicant; (2) an
486 explanation of the intended use of the funding being applied for, the
487 potential market for the end product of the project and the marketing

488 strategy; and (3) such other information that the department deems
489 necessary. Information contained in any such application submitted to
490 the department under this section which is of a proprietary nature
491 shall be exempt from the provisions of subsection (a) of section 1-210.

492 (c) In determining whether an applicant shall be selected for
493 funding pursuant to this section, the department, or the operator, if
494 any, selected pursuant to subsection (a) of this section, shall consider,
495 but such consideration need not be limited to, the following factors: (1)
496 The description of the small business innovation research project, the
497 small business technology transfer project or the federally-supported
498 technology project and the potential commercial applicability of such
499 project; (2) evidence of satisfactory participation in the applicable small
500 business innovation research program, the small business technology
501 transfer program or the federal technology support program; (3) the
502 potential impact of such research project on the workforce in the
503 region where such small business is located; (4) the size of the potential
504 market, strength of the marketing strategy, and ability of the applicant
505 to execute the strategy and successfully commercialize the end
506 product; and (5) the resources and record of success of the company
507 relative to development and commercialization. Within the availability
508 of funds, the department may provide financial aid to eligible
509 applicants provided no business may receive more than fifty thousand
510 dollars for any single small business innovation research project or
511 small business technology transfer project. The department may
512 require a business to repay such assistance or pay a multiple of the
513 assistance to the department. All such repayments and payments shall
514 be deposited in the Connecticut technology partnership assistance
515 program revolving account established under section 32-346.

516 (d) The department may establish a development, research and
517 economic assistance matching financial aid program for micro
518 businesses that have received federal funds for Phase II proposals
519 under the small business innovation research program and the small
520 business technology transfer program. Any micro business receiving
521 financial aid under this subsection shall use such financial aid for the

522 same purpose such micro business was awarded said federal funds.
523 The department may enter into an agreement, pursuant to chapter 55a,
524 with a person, firm, corporation or other entity to operate such a
525 program.

526 [(e) On or before January 15, 2008, and annually thereafter, the
527 Commissioner of Economic and Community Development shall, in
528 consultation with the program operator, if any, submit a report on the
529 status of the development research and economic assistance matching
530 grant program to the chairpersons of the joint standing committee of
531 the General Assembly having cognizance of matters relating to the
532 Department of Economic and Community Development. Such report
533 shall include, but need not be limited to, a description of the projects
534 supported and the type of financial aid provided.]

535 Sec. 11. Subsection (c) of section 32-1o of the 2010 supplement to the
536 general statutes is repealed and the following is substituted in lieu
537 thereof (*Effective July 1, 2010*):

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

540 (1) A review and evaluation of the economy of the state. Such
541 review and evaluation shall include, but not be limited to, a sectoral
542 analysis, housing market and housing affordability analysis, labor
543 market and labor quality analysis, demographic analysis and include
544 historic trend analysis and projections;

545 (2) A review and analysis of factors, issues and forces that impact or
546 impede economic development and responsible growth in Connecticut
547 and its constituent regions. Such factors, issues or forces shall include,
548 but not be limited to, transportation, including, but not limited to,
549 commuter transit, rail and barge freight, technology transfer,
550 brownfield remediation and development, health care delivery and
551 costs, early education, primary education, secondary and
552 postsecondary education systems and student performance, business
553 regulation, labor force quality and sustainability, social services costs

554 and delivery systems, affordable and workforce housing cost and
555 availability, land use policy, emergency preparedness, taxation,
556 availability of capital and energy costs and supply;

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

559 (4) An analysis of targeted industry sectors in the state that (A)
560 identifies those industry sectors that are of current or future
561 importance to the growth of the state's economy and to its global
562 competitive position, (B) identifies what those industry sectors need
563 for continued growth, and (C) identifies, those industry sectors current
564 and potential impediments to growth;

565 (5) A review and evaluation of the economic development structure
566 in the state, including, but not limited to, (A) a review and analysis of
567 the past and current economic, community and housing development
568 structures, budgets and policies, efforts and responsibilities of its
569 constituent parts in Connecticut; and (B) an analysis of the
570 performance of the current economic, community and housing
571 development structure, and its individual constituent parts, in meeting
572 its statutory obligations, responsibilities and mandates and their
573 impact on economic development and responsible growth in
574 Connecticut;

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

578 (7) Establishment of clear and measurable goals and objectives for
579 the state and regions, to meet the short and long-term goals established
580 under this section and provide clear steps and strategies to achieve
581 said goals and objectives, including, but not limited to, the following:
582 (A) The promotion of economic development and opportunity, (B) the
583 fostering of effective transportation access and choice including the use
584 of airports and ports for economic development, (C) enhancement and
585 protection of the environment, (D) maximization of the effective

586 development and use of the workforce consistent with applicable state
587 or local workforce investment strategy, (E) promotion of the use of
588 technology in economic development, including access to high-speed
589 telecommunications, and (F) the balance of resources through sound
590 management of physical development;

591 (8) Prioritization of goals and objectives established under this
592 section;

593 (9) Establishment of relevant measures that clearly identify and
594 quantify (A) whether a goal and objective is being met at the state,
595 regional, local and private sector level, and (B) cause and effect
596 relationships, and provides a clear and replicable measurement
597 methodology;

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

601 (11) A review and evaluation of the operation and efficacy of the
602 urban jobs program established pursuant to sections 32-9i to 32-9l,
603 inclusive, enterprise zones established pursuant to section 32-70,
604 railroad depot zones established pursuant to section 32-75a, qualified
605 manufacturing plants designated pursuant to section 32-75c,
606 entertainment districts established pursuant to section 32-76 and
607 enterprise corridor zones established pursuant to section 32-80. The
608 review and evaluation of enterprise zones shall include an analysis of
609 enterprise zones that have been expanded to include an area in a
610 contiguous municipality or in which there are base or plant closures;
611 [and]

612 (12) With regard to the development, research and economic
613 assistance matching grant program established pursuant to section 32-
614 345, as amended by this act, an assessment of program performance;
615 and

616 [(12)] (13) Any other responsible growth information that the

617 commissioner deems appropriate.

618 Sec. 12. Section 32-356 of the general statutes is repealed and the
619 following is substituted in lieu thereof (*Effective July 1, 2010*):

620 (a) For purposes of this section, "incubator facilities" shall have the
621 same meaning as incubator facilities in section 32-34.

622 (b) The Commissioner of Economic and Community Development
623 shall establish [the] a small business incubator program. [to provide
624 grants to entities operating incubator facilities, as defined in section 32-
625 34.] The Department of Economic and Community Development may
626 enter into an agreement, pursuant to chapter 55a, with a person, firm,
627 corporation or other entity to operate such program. The department,
628 or a program operator selected pursuant to this subsection, shall,
629 subject to the availability of funds, operate a technology-based small
630 business incubator program. In accordance with the written guidelines
631 developed by the department, the department or program operator, if
632 any, may provide grants to [assist] entities operating incubator
633 facilities or to small businesses operating within incubator facilities.
634 Grants made pursuant to this section shall be used by such entities
635 operating incubator facilities to provide operating funds and related
636 services, including business plan preparation, assistance in acquiring
637 financing and management counseling or by such small businesses to
638 provide direct assistance for the operation of the business or
639 procurement of related services.

640 (c) [An entity] Applicants for funding consideration shall submit an
641 application for a grant pursuant to this section in the manner
642 prescribed by the Commissioner of Economic and Community
643 Development.

644 (d) There is established an account to be known as the small
645 business incubator account, which shall be a separate, nonlapsing
646 account within the General Fund. The commissioner may use funds
647 from the account to provide administrative expenses and grants
648 pursuant to this section.

649 (e) (1) There is established a Small Business Incubator Advisory
650 Board. Said board shall consist of: (A) The Commissioner of Economic
651 and Community Development; (B) the president of the Connecticut
652 Development Authority and the executive director of Connecticut
653 Innovations, Incorporated, as ex-officio nonvoting members, or their
654 designees; (C) one member to be appointed by the Governor; (D) two
655 members with experience in the field of technology transfer and
656 commercialization, to be appointed by the speaker of the House of
657 Representatives; (E) two members with experience in new product and
658 market development, to be appointed by the president pro tempore of
659 the Senate; (F) one member to be appointed by the majority leader of
660 the Senate; (G) one member to be appointed by the majority leader of
661 the House of Representatives; (H) one member with experience in seed
662 and early stage capital investment, to be appointed by the minority
663 leader of the House of Representatives; and (I) one member with
664 experience in seed and early stage capital investment, to be appointed
665 by the minority leader of the Senate. All initial appointments to said
666 board shall be made not later than September 1, 2007.

667 (2) The Commissioner of Economic and Community Development
668 shall schedule the first meeting of said board not later than October 15,
669 2007. Thereafter, the board shall meet at least once annually to evaluate
670 and recommend changes to the guidelines adopted pursuant to this
671 section.

672 Sec. 13. Section 32-290a of the general statutes is repealed and the
673 following is substituted in lieu thereof (*Effective July 1, 2010*):

674 (a) The Commissioner of Economic and Community Development,
675 in consultation with the Commissioner of Social Services and the Labor
676 Commissioner, may establish, within available appropriations, an
677 entrepreneurial training program for the purpose of training and
678 preparing former recipients of temporary family assistance, general
679 assistance, state-administered general assistance and aid to families
680 with dependent children, ex-offenders, dislocated workers, displaced
681 homemakers and high school drop-outs for self-employment and

682 entrepreneurial opportunities.

683 (b) The Commissioner of Economic and Community Development
 684 may adopt regulations, in accordance with the provisions of chapter
 685 54, to carry out the purposes of this section.

686 Sec. 14. Section 32-390 of the general statutes is repealed. (*Effective*
 687 *July 1, 2010*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010, and applicable to assessment years commencing on and after October 1, 2010</i>	12-81(59)
Sec. 2	<i>October 1, 2010, and applicable to assessment years commencing on and after October 1, 2010</i>	12-81u
Sec. 3	<i>July 1, 2010</i>	32-9j
Sec. 4	<i>July 1, 2010</i>	32-9p
Sec. 5	<i>July 1, 2010</i>	32-9r(f)
Sec. 6	<i>July 1, 2010</i>	32-9t(g)(1)
Sec. 7	<i>July 1, 2010</i>	16a-40b(d)
Sec. 8	<i>July 1, 2010</i>	8-37qq(e)(2)(B)
Sec. 9	<i>July 1, 2010</i>	38a-88a(3)
Sec. 10	<i>July 1, 2010</i>	32-345
Sec. 11	<i>July 1, 2010</i>	32-1o(c)
Sec. 12	<i>July 1, 2010</i>	32-356
Sec. 13	<i>July 1, 2010</i>	32-290a
Sec. 14	<i>July 1, 2010</i>	Repealer section

CE Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Department of Revenue Services	GF - Revenue Loss	See Below	See Below
Department of Economic & Community Development	Energy Conservation Loan Fund- Revenue Gain	Approx. 1.75 million	Approx. 1.75 million
Department of Economic & Community Development	Housing Repayment & Revolving Loan Fund- Revenue Loss	Approx. 1.75 million	Approx. 1.75 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 11 \$	FY 12 \$
Various Municipalities	Revenue Impact	See Below	See Below

Explanation

The bill will result in a net grand list reduction to certain municipalities. The reduction is a result of the bill expanding the number of businesses that are eligible for the enterprise zone property tax exemption. A reduction in the grand list of a municipality may necessitate an increase in its mill rate or a modification to its budget to offset the loss.

This bill expands the state reimbursement of 50% of the tax loss for distressed municipalities to include more types of businesses. Since the appropriation in the budget bill, sHB 5018, is not sufficient to fully fund the Distressed Municipalities grant reimbursement, all payments are subject to a pro rata reduction. Thus, there is no state fiscal impact

but grants to all other eligible municipalities under this grant will experience a revenue decrease.

The bill will result in a revenue loss to the General Fund from the corporation business tax. The revenue loss is a result of the bill expanding the number of businesses that are eligible for the enterprise zone corporation business tax credits. Under the current enterprise zone credit program, 38 companies claimed \$1,549,934 worth of credits in tax year 2006 and 41 companies claimed \$3,469,806 worth of credits in tax year 2007 against the corporation business tax.

Sections 7 and 8 will result in a revenue gain of approximately \$1.75 million per year to the Energy Conservation Loan Fund and a revenue loss of the same amount to the Housing Repayment and Revolving Loan Fund. The estimate is based on historical data on loan repayments.

The Out Years

The bill may preclude a revenue loss to the General Fund as a result of tightening the criteria used for determining “new jobs” under the Insurance Reinvestment Tax Credit Program.

OLR Bill Analysis

sHB 5358

AN ACT CONCERNING REVISIONS TO ECONOMIC DEVELOPMENT STATUTES.

SUMMARY:

This bill makes programmatic and technical changes to many Department of Economic and Community Development (DECD) programs and statutes. It:

1. extends enterprise zone tax incentives and financial service property tax exemptions to more types of businesses,
2. tightens the criteria for counting new jobs under the Insurance Reinvestment Tax Credit Program,
3. allows DECD to make grants to businesses operating in incubators,
4. makes more groups eligible for entrepreneurial training, and
5. requires principal payments on energy conservation loans to be deposited in the fund created for those loans.

The bill updates a reference to a national business classification code DECD uses to determine if a business qualifies for assistance under many programs. It make a technical change incorporating a separate DECD annual report in the department's comprehensive annual report to the legislature (§§ 10 & 11). The bill also repeals a statute that was already repealed.

EFFECTIVE DATE: July 1, 2010, except for the changes to the property tax exemption eligibility criteria, which take effect October 1, 2010 and are applicable to assessment years beginning on or after that date.

PROGRAMMATIC CHANGES**§§ 3-5 — Extension of Enterprise Zone Benefits**

Current law limits enterprise zone property tax exemptions, corporation business tax credits, and job creation grants to manufacturing and specified service and retail businesses, including insurers and fishing, hunting, and trapping establishments. The bill extends the benefits to the same range of businesses that qualify for financing under DECD's Manufacturing Assistance Act. These include any business that creates or retains jobs, exports most of its products and services out of the state, encourages innovation, or adds value to products and services (i.e., economic-base businesses).

They also include any business within a DECD-designated industry cluster. Clusters are groups of interrelated business that provide the same products or services, use similar processes and techniques, have similar workforce needs, and tend to buy the same supplies or support services. The nine DECD-designated clusters are aerospace components manufacturing, agriculture, bioscience, insurance and financial services, maritime, metal manufacturing, plastics and plastics manufacturing, software and information technology, and tourism.

§ 5 — Service Businesses' Eligibility for Enterprise Zone Benefits

Current law requires the DECD commissioner to adopt regulations for certifying businesses for enterprise zone benefits. The regulations must allow eligible manufacturing facilities and service businesses to qualify for the benefits. Under current law, eligible service businesses are those classified as such in the Standard Industrial Classification Manual.

Under the bill, the regulations must extend benefits to any service business, not just those classified as such under the manual, if it supports the economic competitiveness of manufacturers or other economic base businesses or furthers the state's interests. Such services include day care, job training, education, transportation, employee housing, energy conservation, pollution control, and recycling.

§ 9 — Counting Jobs for Insurance Reinvestment Tax Credits

The bill tightens the criteria for determining new jobs under the Insurance Reinvestment Tax Credit Program. The program provides business tax credits for investing in funds providing capital to insurance companies occupying new facilities and creating jobs. A taxpayer claims a portion of the credit over 10 years according to a statutory formula. During that time, the company receiving the investment must occupy the facility and employ at least 25% of its workers in new jobs or the state can recapture the credits.

Current law allows the company to count only those jobs that did not exist in Connecticut before it applied to the DECD commissioner for a certificate establishing its eligibility for investments under the program. It specifically prohibits the company from counting a job filled by an employee reassigned to it from another location. The bill also prohibits the company from counting a job that was created as a result of a merger or acquisition between the company and another Connecticut-based business.

§ 12 — Incubator Grants

The bill extends incubator grants to small businesses by allowing the DECD commissioner to provide the grants directly to those businesses operating in incubator facilities. Current law allows her to provide the grants only to entities operating the incubators. The entities can use the grants to cover their operating costs or assist their small business clients.

§ 13 — Entrepreneurial Training for Specified Groups

The bill qualifies dislocated workers and displaced homeowners for DECD-funded entrepreneurial training. Current law allows the commissioner to fund such training programs for former recipients of temporary family assistance, general assistance, and aid to families with dependent children. The programs can also assist ex-offenders and high school dropouts.

§§ 7-8 — Energy Conservation Loan Repayments

The bill requires all principal payments for all loans made out of the Energy Conservation Loan Fund to go back into the fund and makes a conforming technical change. Currently, the payments are deposited in the Housing Repayment and Revolving Loan Fund.

NORTH AMERICAN INDUSTRIAL CLASSIFICATION (NAIC)

The bill replaces references to an obsolete business classification code DECD uses to determine if a business qualifies for tax and financial incentives under different programs. Current law cites the Standard Industrial Classification System (SIC), which was based on the goods a business makes, the service it provides, or the methods and techniques it employs.

The federal government replaced SIC with a different classification scheme needed to accommodate trade agreements creating a cross-border North American market. That scheme—NAIC—groups businesses that use the same or similar processes to make goods or deliver services. Consequently, NAIC reflects the greater role services play in the economy.

The bill substitutes NAIC for SIC with respect to:

1. enterprise zone property tax abatements and job creation grants (§§ 1, 3, 4, & 5),
2. financial services property tax exemptions (§ 4),
3. local option tax abatement for communication companies (§ 2),
and
4. urban and industrial sites remediation tax credits (§ 6).

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/23/2010)