



# House of Representatives

General Assembly

**File No. 426**

*February Session, 2010*

Substitute House Bill No. 5383

*House of Representatives, April 8, 2010*

The Committee on Planning and Development reported through REP. SHARKEY of the 88th Dist., Chairperson of the Committee on the part of the House, 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, 2010*) (a) In order to coordinate,  
2 implement and promote responsible economic growth and activities in  
3 this state, any of the following entities may, after approval by the  
4 Commissioner of Economic and Community Development, the  
5 Secretary of the Office of Policy and Management and the Assistant  
6 Secretary of Economic Development of the United States Department  
7 of Commerce, either individually or in conjunction with one or more  
8 other such entities, establish a regional economic development district  
9 for the purposes of sections 2 to 5, inclusive, of this act and sections 32-  
10 1o, 16a-27 and 8-35a of the general statutes: (1) A regional economic  
11 development commission formed under section 7-137 of the general  
12 statutes; (2) any organization that has a strategy that would meet the  
13 requirements of section 2 of this act and has been approved by the  
14 Assistant Secretary of Economic Development of the United States

15 Department of Commerce; (3) a corporation exempt from federal  
16 income tax under Section 501(a) of the Internal Revenue Code of 1986,  
17 or any subsequent corresponding internal revenue code of the United  
18 States, as amended from time to time; (4) another regional economic  
19 development commission or corporation formed under any other  
20 provision of the general statutes or any special act; or (5) a regional  
21 planning organization, as defined in section 4-124i of the general  
22 statutes. The entity or entities establishing a regional economic  
23 development district shall provide for a board of directors of the  
24 district. Not more than eight regional economic development districts  
25 shall be established pursuant to this subsection.

26 (b) The boundaries of such districts shall encompass one or more  
27 planning regions, designated or redesignated pursuant to section 16a-  
28 4a of the general statutes, or, to the extent practicable, be contiguous  
29 with boundaries of former county government regions. Each regional  
30 economic development district established pursuant to this section  
31 shall comply with the district requirement provisions of 13 CFR  
32 301.3(a)(1).

33 Sec. 2. (NEW) (*Effective July 1, 2010*) (a) The board of directors of a  
34 regional economic development district shall comply with the  
35 provisions of 13 CFR 304.2 and shall prepare and approve a  
36 comprehensive economic development strategy for the district to  
37 address identified economic development problems in a manner that  
38 promotes economic development and opportunity and housing  
39 availability, fosters effective transportation access, improves workforce  
40 development, enhances and protects the environment, balances  
41 resources through sound management of development, and  
42 encourages responsible growth and development. A comprehensive  
43 economic development strategy shall contain:

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

47 (2) Background and history of economic development in the district,

48 with a discussion of the economy, geography, population, labor force,  
49 resources and the environment;

50 (3) A discussion of community participation in the planning efforts  
51 for the strategy;

52 (4) The goals and objectives for (A) taking advantage of the  
53 opportunities in the district, and (B) solving the economic  
54 development problems of the district;

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

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

59 (b) Upon approving the comprehensive economic development  
60 strategy for a district, the board of directors of the district shall submit  
61 the strategy to each regional planning organization, as defined in  
62 section 4-124i of the general statutes, serving any portion of the  
63 geographical area of such district, except if such regional planning  
64 organization is not part of the regional economic development district  
65 pursuant to section 1 of this act. The regional planning organizations  
66 shall study the strategy and shall report their findings and  
67 recommendations thereon to the district not later than ninety days  
68 after the receipt of the strategy.

69 (c) After review and comment on the comprehensive economic  
70 development strategy under subsection (b) of this section, the board of  
71 directors of the district shall submit the strategy to the Commissioner  
72 of Economic and Community Development and the Secretary of the  
73 Office of Policy and Management. The secretary and the commissioner  
74 shall review the strategy and, not later than sixty days after receiving  
75 the strategy, shall either notify such board of directors of approval of  
76 the strategy or provide the board with recommendations for  
77 modifying the strategy for consistency with the state plan of  
78 conservation and development adopted pursuant to chapter 297 of the

79 general statutes and the state-wide comprehensive economic  
80 development strategy required under section 32-1o of the general  
81 statutes. If neither the commissioner nor the secretary notifies the  
82 board within such sixty days, the strategy shall be deemed to have  
83 been approved. If said commissioner or secretary recommends  
84 modifications, the board shall modify the strategy in accordance with  
85 such recommendations and resubmit the strategy for review in the  
86 same manner as for the original submission of the strategy.

87 (d) The board of directors of a regional economic development  
88 district shall, annually, report to the commissioner and the secretary on  
89 progress made in implementing the comprehensive economic  
90 development strategy. A new or revised strategy shall be developed at  
91 least once every five years. The board shall submit each new or revised  
92 strategy for review and approval in accordance with the same  
93 procedure as for a strategy under subsections (b) and (c) of this section.

94 Sec. 3. (NEW) (*Effective July 1, 2010*) (a) The boards of directors of  
95 regional economic development districts shall submit each adopted  
96 and approved comprehensive economic development strategy to the  
97 Commissioner of Economic and Community Development and to the  
98 Secretary of the Office of Policy and Management for review. Said  
99 commissioner and secretary may review and make recommendations  
100 to the regional economic development districts for consolidation of the  
101 comprehensive economic development strategies to encompass not  
102 more than eight regions for the entire state. After review by said  
103 commissioner and secretary and with the concurrence from the board  
104 of directors of the districts, the regional economic development  
105 districts may submit such strategy to the Assistant Secretary of the  
106 United States Department of Commerce for approval pursuant to 42  
107 USC 3121 et seq.

108 (b) A board of directors of a state approved regional economic  
109 development district that adopts a comprehensive economic  
110 development strategy in accordance with sections 1 and 2 of this act  
111 may request the Commissioner of Economic and Community

112 Development to approve the region as an economic development  
 113 district. If said commissioner approves the regional economic  
 114 development district as an economic development district, said  
 115 commissioner shall recommend to the Governor that the region be  
 116 designated by the Governor as an economic development district.  
 117 Upon such designation by the Governor, the board of directors may  
 118 request federal designation as an economic development district from  
 119 the Assistant Secretary of the United States Department of Commerce  
 120 pursuant to 42 USC 3121 et seq. Approval by the Commissioner of  
 121 Economic and Community Development of the comprehensive  
 122 economic development strategy under section 2 of this act shall be  
 123 deemed to meet the requirements of 42 USC 3121 et seq.

124       Sec. 4. (NEW) (*Effective July 1, 2010*) The Commissioner of Economic  
 125 and Community Development may, within available appropriations,  
 126 make priority regional grants to regional economic development  
 127 districts for municipal development projects and for economic  
 128 development and manufacturing assistance pursuant to sections 8-186  
 129 to 8-200, inclusive, of the general statutes and sections 32-220 to 32-234,  
 130 inclusive, of the general statutes.

131       Sec. 5. (NEW) (*Effective July 1, 2010*) Notwithstanding any provision  
 132 of the general statutes or any public or special act, projects identified in  
 133 comprehensive economic development strategies approved by the  
 134 Commissioner of Economic and Community Development, the  
 135 Secretary of the Office of Policy and Management or the Assistant  
 136 Secretary of the United States Department of Commerce under sections  
 137 2 and 3 of this act shall be eligible for funding from any bond funds  
 138 available to the Commissioner of Economic and Community  
 139 Development.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	New section
Sec. 2	<i>July 1, 2010</i>	New section
Sec. 3	<i>July 1, 2010</i>	New section

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Sec. 4	<i>July 1, 2010</i>	New section
Sec. 5	<i>July 1, 2010</i>	New section

**Statement of Legislative Commissioners:**

In section 3, "approval" was deleted and "review" was inserted in lieu thereof for consistency with the remaining sections.

**PD**      *Joint Favorable Subst.*

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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.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill, which requires the Department of Economic and Community Development and the Office of Policy and Management to approve proposed regional economic development districts and strategies, results in no fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sHB 5383*****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 Office of Policy and Management (OPM) secretary. After these agencies approve a strategy, the district may submit it to the U.S. Department of Commerce for approval and apply for and receive federal funds.

EFFECTIVE DATE: July 1, 2010

**REGIONAL ECONOMIC DEVELOPMENT DISTRICTS (REDD)**

The bill allows several types of organizations, by themselves or together with similar organizations, to designate REDDs, with the approval of the DECD commissioner and OPM secretary, and establish boards of directors to govern them. They are:

1. regional economic development commissions or corporations,
2. organizations with a federally approved comprehensive economic development strategy,
3. nonprofit corporations, and

4. regional planning organizations.

The bill permits only eight REDDs to be established in the state. A proposed district's boundaries must encompass OPM-designated planning regions or, to the extent practicable, conform to county boundaries. Each district must include an area that meets economic distress criteria established in federal regulation (13 CFR § 301.3(a)(1)).

**COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)**

The bill requires any REDD board of directors to 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 and housing availability,
2. fosters effective transportation access,
3. improves workforce development,
4. enhances and protects the environment,
5. balances resources by soundly managing development, and
6. encourages responsible growth and 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 background 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 for review and approval. It must first submit the CEDS to the regional planning organizations that belong to the REDD or do not belong but include a geographic area served by 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 was due July 1, 2009. The secretary prepares the State Plan of Conservation and Development (Plan of C&D), the next revision of which is due in 2011 (see BACKGROUND - Related Bill).

The board must bring the strategy into line with the commissioner's 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 deemed approved.

The board must submit annual reports to the commissioner and the secretary on the plan's implementation. It must revise the strategy at

least every five years and submit it to these officials for review and approval under the same procedures they used to review and approve the initial strategy.

## **CONSOLIDATION AND FEDERAL APPROVAL**

REDDs must submit their approved CEDSs to the DECD commissioner and OPM secretary for review for the purpose of consolidating strategies into no more than eight regions in the state. Once the state officials make recommendations and they and the REDD boards concur, the commissioner and secretary may submit the strategy to the U.S. Department of Commerce (DOC) for approval under federal law.

An approved REDD can request:

1. the DECD commissioner to recommend to the governor that she confer the designation as an economic development district and
2. federal designation from the DOC as an economic development district, making it an eligible recipient for federal economic development grants.

## **GRANTS**

The bill explicitly authorizes the DECD commissioner to provide REDDs with priority regional grants, within available appropriations, for municipal development and Economic Development and Manufacturing Assistance Act projects. It also makes projects connected with the CEDS eligible for DECD bond funds.

## **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 funds through the DOC's Economic Development Administration's Investment Assistance Program. It specifies the criteria DOC must use to approve a proposed district. Based on the criteria in regulations, DOC approves the district if it:

1. contains at least one economically distressed area that meets specified unemployment and income thresholds,
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.

***Related Bill***

The Planning and Development Committee reported sSB 199 that postpones the next revision of the State Plan of Conservation and Development from 2011 to 2012.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/22/2010)