



Senate

General Assembly

File No. 610

February Session, 2010

Substitute Senate Bill No. 395

Senate, April 21, 2010

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT EXPORTS.

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

1 Section 1. Section 32-1c of the 2010 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2010*):

4 (a) In addition to any other powers, duties and responsibilities
5 provided for in this chapter, chapter 131, chapter 579 and section 4-8
6 and subsection (a) of section 10-409, the commissioner shall have the
7 following powers, duties and responsibilities: (1) To administer and
8 direct the operations of the Department of Economic and Community
9 Development; (2) to report annually to the Governor, as provided in
10 section 4-60; (3) to conduct and administer the research and planning
11 functions necessary to carry out the purposes of said chapters and
12 sections; (4) to encourage and promote the development of industry
13 and business in the state and to investigate, study and undertake ways
14 and means of promoting and encouraging the prosperous
15 development and protection of the legitimate interest and welfare of

16 Connecticut business, industry and commerce, within and outside the
17 state; (5) to serve, ex officio as a director on the board of Connecticut
18 Innovations, Incorporated; (6) to serve as a member of the Connecticut
19 Energy Advisory Board, the Energy Conservation Management Board
20 and the Committee of Concern for Connecticut Jobs; (7) to promote
21 and encourage the location and development of new business in the
22 state as well as the maintenance and expansion of existing business
23 and for that purpose to cooperate with state and local agencies and
24 individuals both within and outside the state; (8) to plan and conduct a
25 program of information and publicity designed to attract tourists,
26 visitors and other interested persons from outside the state to this state
27 and also to encourage and coordinate the efforts of other public and
28 private organizations or groups of citizens to publicize the facilities
29 and attractions of the state for the same purposes; (9) to advise and
30 cooperate with municipalities, persons and local planning agencies
31 within the state for the purpose of promoting coordination between
32 the state and such municipalities as to plans and development; (10) by
33 reallocating funding from other agency accounts or programs, to
34 assign adequate staff to provide technical assistance to businesses in
35 the state in exporting, manufacturing and cluster-based initiatives and
36 to provide guidance and advice on regulatory matters; (11) to provide
37 all necessary staff, services, accounting and office space and equipment
38 required by the Connecticut Development Authority subject to the
39 provisions of section 4b-23, where real estate acquisitions are involved;
40 [(11)] (12) to aid minority businesses in their development; [(12)] (13) to
41 appoint such assistants, experts, technicians and clerical staff, subject
42 to the provisions of chapter 67, as are necessary to carry out the
43 purposes of said chapters and sections; [(13)] (14) to employ other
44 consultants and assistants on a contract or other basis for rendering
45 financial, technical or other assistance and advice; [(14)] (15) to acquire
46 or lease facilities located outside the state subject to the provisions of
47 section 4b-23; [(15)] (16) to advise and inform municipal officials
48 concerning economic development and collect and disseminate
49 information pertaining thereto, including information about federal,
50 state and private assistance programs and services pertaining thereto;

51 [(16)] (17) to inquire into the utilization of state government resources
52 and coordinate federal and state activities for assistance in and
53 solution of problems of economic development and to inform and
54 advise the Governor about and propose legislation concerning such
55 problems; [(17)] (18) to conduct, encourage and maintain research and
56 studies relating to industrial and commercial development; [(18)] (19)
57 to prepare and review model ordinances and charters relating to these
58 areas; [(19)] (20) to maintain an inventory of data and information and
59 act as a clearinghouse and referral agency for information on state and
60 federal programs and services relative to the purpose set forth herein.
61 The inventory shall include information on all federal programs of
62 financial assistance for defense conversion projects and other projects
63 consistent with a defense conversion strategy and shall identify
64 businesses which would be eligible for such assistance and provide
65 notification to such business of such programs; [(20)] (21) to conduct,
66 encourage and maintain research and studies and advise municipal
67 officials about forms of cooperation between public and private
68 agencies designed to advance economic development; [(21)] (22) to
69 promote and assist the formation of municipal and other agencies
70 appropriate to the purposes of this chapter; [(22)] (23) to require notice
71 of the submission of all applications by municipalities and any agency
72 thereof for federal and state financial assistance for economic
73 development programs as relate to the purposes of this chapter; [(23)]
74 (24) with the approval of the Commissioner of Administrative
75 Services, to reimburse any employee of the department, including the
76 commissioner, for reasonable business expenses, including but not
77 limited to, mileage, travel, lodging, and entertainment of business
78 prospects and other persons to the extent necessary or advisable to
79 carry out the purposes of subdivisions (4), (7), (8) and [(11)] 12 of this
80 subsection and other provisions of this chapter; [(24)] (25) to assist in
81 resolving solid waste management issues; [(25)] (26) (A) to serve as an
82 information clearinghouse for various public and private programs
83 available to assist businesses, (B) to identify specific micro businesses,
84 as defined in section 32-344, whose growth and success could benefit
85 from state or private assistance and contact such small businesses in

86 order to (i) identify their needs, (ii) provide information about public
87 and private programs for meeting such needs, including, but not
88 limited to, technical assistance, job training and financial assistance,
89 and (iii) arrange for the provision of such assistance to such businesses;
90 [and (26)] (27) to enhance and promote the digital media and motion
91 picture industries in the state; (28) by reallocating funding from other
92 agency accounts or programs, to develop a marketing campaign that
93 promotes Connecticut as a place of innovation; and (29) by reallocating
94 funding from other agency accounts or programs, to execute the steps
95 necessary to implement the knowledge corridor agreement with
96 Massachusetts to promote the biomedical device industry.

97 (b) The Commissioner of Economic and Community Development
98 may make available technical and financial assistance and advisory
99 services to any appropriate agency, authority or commission for
100 planning and other functions pertinent to economic development
101 provided any financial assistance to a regional planning agency or a
102 regional council of elected officials shall have the prior approval of the
103 Secretary of the Office of Policy and Management or his designee.
104 Financial assistance shall be rendered upon such contractual
105 arrangements as may be agreed upon by the commissioner and any
106 such agency, authority or commission in accordance with their
107 respective needs, and the commissioner may determine the
108 qualifications of personnel or consultants to be engaged for such
109 assistance.

110 (c) The Commissioner of Economic and Community Development
111 [is authorized to] shall do all things necessary to apply for, qualify for
112 and accept any federal funds made available or allotted under any
113 federal act for planning or any other projects, programs or activities
114 which may be established by federal law, for any of the purposes, or
115 activities related thereto, of the Department of Economic and
116 Community Development and said Commissioner of Economic and
117 Community Development shall administer any such funds allotted to
118 the department in accordance with federal law. The commissioner may
119 enter into contracts with the federal government concerning the use

120 and repayment of such funds under any such federal act, the
121 prosecution of the work under any such contract and the establishment
122 of any disbursement from a separate account in which federal and
123 state funds estimated to be required for plan preparation or other
124 eligible activities under such federal act shall be kept. Said account
125 shall not be a part of the General Fund of the state or any subdivision
126 of the state. The commissioner shall report on activities to apply for,
127 qualify for and accept funds under this subsection in its annual report
128 submitted pursuant to section 32-1m.

129 (d) The powers and duties enumerated in this section shall be in
130 addition to and shall not limit any other powers or duties of the
131 Commissioner of Economic and Community Development contained
132 in any other law.

133 Sec. 2. Section 32-222 of the general statutes is repealed and the
134 following is substituted in lieu thereof (*Effective July 1, 2010*):

135 As used in sections 32-220 to 32-234, inclusive: (a) "Business
136 development project" means a project undertaken by an eligible
137 applicant involving one or more of the following:

138 (1) The construction, substantial renovation, improvement or
139 expansion of a facility;

140 (2) The acquisition of new machinery and equipment;

141 (3) The acquisition, improvement, demolition, cultivation or
142 disposition of real property, or combinations thereof, or the
143 remediation of contaminated real property;

144 (4) The creation at a facility, within twenty-four months of the
145 initiation of a hiring program, not less than ten new jobs or an increase
146 in the number of persons employed at the facility of twenty per cent,
147 whichever is greater;

148 (5) Economic diversification of the economy of an area of the state or
149 manufacturing or other economic base business where such area or

150 business is substantially reliant upon defense and related industry;

151 (6) Participation in the avoidance of an imminent plant closing or
152 relocation by a manufacturing or other economic base business or
153 assist or improve the economy of an area of the state which has been or
154 is likely to be significantly and adversely impacted by one or more
155 major plant closings or relocations;

156 (7) Support research and development or commercialization of
157 technologies, products, processes or techniques of a manufacturing or
158 other economic base business;

159 (8) Creation or support of organizations and activities that provide
160 technical and engineering assistance to small manufacturers or other
161 economic base businesses to assist them with the design, testing,
162 manufacture and marketing of new products, the exporting of state
163 products and services, and the instruction and implementation of new
164 techniques and technologies;

165 (9) Support of substantial workforce development efforts;

166 (10) Promotion of community conservation or development or
167 improvement of the quality of life for urban residents of the state; [or]

168 (11) Promotion of the revitalization of underutilized, state-owned
169 former railroad depots and areas adjacent to such depots; or

170 (12) Promotion of export activities, including sponsorship of
171 programs that support exportation, assistance to companies in
172 accessing federal Department of Commerce services, and provision of
173 marketing materials and web site improvements for exporters;

174 (b) "Business support services" means activities related to a
175 municipal development project or business development project which
176 support the economic competitiveness of manufacturing or exporting
177 or economic base businesses or which further the interests of the state,
178 including, but not limited to, facilities and services related to day care,
179 job training, education, transportation, employee housing, energy

180 conservation, pollution control and recycling, provided activities
181 related to employee housing shall be limited to feasibility and
182 implementation studies;

183 (c) "Commissioner" means the Commissioner of Economic and
184 Community Development;

185 (d) "Economic base business" means a business that the
186 commissioner determines will materially contribute to the economy of
187 the state by creating or retaining jobs, exporting products or services
188 beyond the state's boundaries, encouraging innovation in products or
189 services, adding value to products or services or otherwise supporting
190 or enhancing existing activities important to the economy of the state;

191 (e) "Economic cluster" means an economic cluster, as defined in
192 section 32-4e, recognized by the commissioner;

193 (f) "Department" means the Department of Economic and
194 Community Development;

195 (g) "Development plan" means a plan for a municipal development
196 project prepared in accordance with the provisions of subsection (b) of
197 section 32-223;

198 (h) "Eligible applicant" means any for-profit or nonprofit
199 organization, or any combination thereof, any municipality, regional
200 planning agency or any combination thereof and further provided, in
201 the case of a loan made by the Connecticut Development Authority in
202 which the department purchases a participation interest, "eligible
203 applicant" means the for-profit or nonprofit organization, or any
204 combination thereof, that will receive the proceeds of such loan;

205 (i) "Financial assistance" means grants, funds for the purchase of
206 insurance policies and payment of deductibles for insurance policies to
207 cover remediation costs, extensions of credit, loans or loan guarantees,
208 participation interests in loans made to eligible applicants by the
209 Connecticut Development Authority or combinations thereof;

210 (j) "For-profit organization" means a for-profit partnership or sole
211 proprietorship or corporation or limited liability company which is an
212 economic base business or has a North American Industrial
213 Classification code of 311111 through 339999 or 493110, 493120, 493130,
214 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298,
215 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910,
216 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712,
217 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513,
218 611519, 611710 and 624410 or any business that is part of an economic
219 cluster, or any establishment or auxiliary or operating unit thereof, as
220 defined in the North American Industrial Classification System
221 Manual, which has demonstrated to the satisfaction of the
222 commissioner that it has the qualifications, including financial
223 qualifications, necessary to carry out a business development project;

224 (k) "Implementing agency" means one of the following agencies
225 designated by a municipality under section 32-223: (1) An economic
226 development commission, redevelopment agency; sewer authority or
227 sewer commission; public works commission; water authority or water
228 commission; port authority or port commission or harbor authority or
229 harbor commission; parking authority or parking commission; (2) a
230 nonprofit development corporation; or (3) any other agency
231 designated and authorized by a municipality to undertake a project
232 and approved by the commissioner;

233 (l) "Municipal development project" means a business development
234 project through which real property is acquired by a municipality or
235 implementing agency as part of such project;

236 (m) "Municipality" means a town, city, consolidated town and city
237 or consolidated town and borough;

238 (n) "Nonprofit organization" means a municipality or nonprofit
239 corporation as defined in section 33-1002 and organized under the
240 laws of this state and for purposes of this chapter includes any
241 constituent unit of the state system of higher education;

242 (o) "Planning commission" means a planning and zoning
243 commission designated pursuant to section 8-4a or a planning
244 commission created pursuant to section 8-19;

245 (p) "Project" means a municipal development project or business
246 development project;

247 (q) "Project area" means the area within which a municipal
248 development project or business development project is located;

249 (r) "Real property" means land, buildings and other structures and
250 improvements thereto, subterranean or subsurface right, any and all
251 easements, air rights and franchises of any kind or nature;

252 (s) "Site and infrastructure improvements" means improvements to:
253 (1) Sanitary sewer facilities; (2) natural gas pipes, electric, telephone
254 and telecommunications conduits and other facilities and waterlines
255 and water supply facilities, except for any such pipes, wires, conduits,
256 waterlines or any such pipes, wires, conduits, waterlines or facilities
257 which a public service company, as defined in section 16-1, water
258 company, as defined in section 25-32a, or municipal utility is required
259 to install pursuant to any provision of the general statutes or any
260 special act, regulation or order of the Department of Public Utility
261 Control or a certificate of public convenience and necessity; (3) storm
262 drainage facilities, including facilities to control flooding; (4) site
263 grading, landscaping, environmental improvements, including
264 remediation of contaminated sites, parking facilities, roadways and
265 related appurtenances; (5) railroad spurs; (6) public port or docking
266 facilities; and (7) such other related improvements necessary or
267 appropriate to carry out the project;

268 (t) "State" means the state of Connecticut;

269 (u) "Targeted investment community" means a municipality which
270 contains an enterprise zone designated pursuant to section 32-70;

271 (v) "Total project cost" means costs of any kind or nature relating to
272 the planning, implementation and completion of a municipal or

273 business development project;

274 (w) "Legislative body" means (1) the board of selectmen in a town
 275 that does not have a charter, special act or home rule ordinance
 276 relating to its government, or (2) the council, board of aldermen,
 277 representative town meeting, board of selectmen or other elected
 278 legislative body described in a charter, special act or home rule
 279 ordinance relating to its government in a city, consolidated town and
 280 city, consolidated town and borough or a town having a charter,
 281 special act, consolidation ordinance or home rule ordinance relating to
 282 its government.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2010	32-1c
Sec. 2	July 1, 2010	32-222

APP 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 Economic & Community Development	GF - Cost	114,125	110,410
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	10,664	27,402

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which expands the duties for the Department of Economic and Community Development (DECD) regarding Connecticut exports, results in costs of \$114,125, plus fringe benefits in FY 11 and \$110,410, plus fringe benefits in FY 12. The bill requires DECD to reallocate funding from other agency accounts or programs to implement the bill. It is uncertain which programs will receive reduced funding.

The bill requires DECD to assign adequate staff to provide technical assistance to businesses regarding exports. The agency will need one Connecticut Careers Trainee with a starting salary of \$40,000, plus benefits to handle this new responsibility. The agency is required to provide guidance and advice on regulatory matters which will require funding for staff training and travel expenses to develop expertise in these areas. Funding is needed for: training at the State International Development Officers Association (\$450 event registration plus \$950 for staff travel= \$1,500); attendance at three CT Business and Industry

¹ The estimated non-pension fringe benefit rate as a percentage of payroll is 26.66% which includes health insurance, social security, Medicare, life insurance, and unemployment compensation. Fringe benefit costs for new positions do not include

Association (CBIA) workshops (\$75 per session x 3 sessions = \$225); and to attend two specialized week long export training sessions (with registration and staff travel costs estimated at \$4,000).

Additionally, DECD must support organizations and activities that provide assistance in exporting state products. This will require DECD to: join the State International Development Officers Association with annual dues of \$2,200; participate in the quarterly Eastern Trade Council board meeting (\$500 per meeting x 4 meetings = \$2,000); sponsor the CBIA International Trade Survey (\$10,000); and join the World Affairs Council (\$15,000).

The bill requires DECD to promote export activities, including sponsorship of programs, assist companies in accessing federal Department of Commerce services and provide marketing materials and web site improvements for exporters. It is anticipated the department will need \$30,000 to provide export assistance, \$5,000 for marketing materials, and \$5,000 for website improvements.

Finally, the bill expands the uses of the DECD's Manufacturing Assistance Act (MAA) funds to support exporting. As of April 5, 2010, the unallocated balance of MAA funds is \$59 million.

The Out Years

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

pension costs as new positions will not impact the state's pension contribution until FY 12 after the next scheduled actuarial valuation.

OLR Bill Analysis**sSB 395 ‘*****AN ACT CONCERNING CONNECTICUT EXPORTS.*****SUMMARY:**

This bill increases the Department of Economic and Community Development (DECD) commissioner’s duties and powers in several policy areas. It requires, rather than allows, her to apply for federal funds, prepare a campaign to market the state as a place for innovation, and assigns her to two energy policy boards. The bill also requires her to provide export assistance to businesses and expands her ability to do so under the Manufacturing Assistance Act (MAA), DECD’s major funding program.

EFFECTIVE DATE: July 1, 2010

GENERAL DUTIES AND POWERS

The bill increases the commissioner’s general duties and powers. It requires, instead of allows, her to do everything necessary to apply, qualify for, and accept federal funds related to economic development. The bill also requires the commissioner to report annually on what she did to secure these funds. She must include this information in her comprehensive annual report to the legislature.

The bill increases the commissioner’s duties regarding new technologies. It requires her to develop a marketing campaign that promotes Connecticut as a place of innovation. It also requires her to do the things needed to implement a 2000 agreement with Massachusetts to promote the biomedical device industry in the Connecticut River Valley region between Hartford and Springfield (i.e., The New England Knowledge Corridor). The commissioner must complete both tasks by reallocating funds from other DECD accounts or programs.

Lastly, the bill requires the commissioner to serve on the Connecticut Energy Advisory Board and the Energy Conservation Management Board. The former is a 15-member board charged with promoting competing energy solutions. Its members include the agriculture, transportation, and environmental protection commissioners; the chairman of the Department of Public Utilities Control; the consumer counsel; and the Office of Policy and Management secretary or their designees. The 13-member Energy Conservation Management Board advises utility distribution companies on developing and implementing comprehensive, cost-effective energy conservation and market transformation plans. Its members include the attorney general, the consumer counsel, and environmental protection commissioner.

EXPORTING AND MANUFACTURING

The bill requires the commissioner to take more steps to promote exports and manufacturing by assigning enough staff to (1) provide technical assistance to businesses regarding exporting and manufacturing, (2) help groups of related businesses implement policies designed to improve their overall competitiveness (i.e., cluster-based initiatives), and (3) help businesses comply with regulatory requirements. She must do these things by reallocating funds from other DECD accounts or programs.

The bill authorizes the commissioner to use MAA funds to support exporting. Current law allows her to use these funds to create and support organizations that provide technical and engineering services to businesses. The bill allows her to create and support activities that promote the export of products and services. These changes also allow the commissioner to use regional economic development infrastructure funds to support exporting (CGS § 32-327 (4)).

The bill allows the commissioner to use MAA funds to promote exporting, including sponsoring export support programs, helping companies access U.S. Department of Commerce export assistance services, and providing export-related marketing materials and

website improvements. Lastly, the bill makes export assistance eligible for MAA funding.

BACKGROUND

Legislative History

On April 8, the Senate referred the bill (File 259) to the Appropriations Committee, which favorably reported a substitute that added provisions directing the commissioner to perform certain tasks by reallocating funds from other DECD accounts or programs.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/18/2010)

Appropriations Committee

Joint Favorable Substitute

Yea 51 Nay 0 (04/12/2010)