



General Assembly

January Session, 2011

**Raised Bill No. 6221**

LCO No. 2541

\*02541\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:

(CE)

**AN ACT CONCERNING THE ELIMINATION OF CERTAIN SUNSET DATES.**

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

1 Section 1. Section 32-23zz of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2011*):

3 (a) For the purpose of assisting (1) any information technology  
4 project, as defined in subsection (ee) of section 32-23d, which is located  
5 in an eligible municipality, as defined in subdivision (12) of subsection  
6 (a) of section 32-9t, or (2) any remediation project, as defined in  
7 subsection (ii) of section 32-23d, the Connecticut Development  
8 Authority may, upon a resolution of the legislative body of a  
9 municipality, issue and administer bonds which are payable solely or  
10 in part from and secured by: (A) A pledge of and lien upon any and all  
11 of the income, proceeds, revenues and property of such a project,  
12 including the proceeds of grants, loans, advances or contributions from  
13 the federal government, the state or any other source, including  
14 financial assistance furnished by the municipality or any other public  
15 body, (B) taxes or payments or grants in lieu of taxes allocated to and  
16 payable into a special fund of the Connecticut Development Authority

17 pursuant to the provisions of subsection (b) of this section, or (C) any  
18 combination of the foregoing. Any such bonds of the Connecticut  
19 Development Authority shall mature at such time or times not  
20 exceeding thirty years from their date of issuance and shall be subject  
21 to the general terms and provisions of law applicable to the issuance of  
22 bonds by the Connecticut Development Authority, except that such  
23 bonds shall be issued without a special capital reserve fund as  
24 provided in subsection (b) of section 32-23j and, for purposes of section  
25 32-23f, only the approval of the board of directors of the authority shall  
26 be required for the issuance and sale of such bonds. Any pledge made  
27 by the municipality or the Connecticut Development Authority for  
28 bonds issued as provided in this section shall be valid and binding  
29 from the time when the pledge is made, and revenues and other  
30 receipts, funds or moneys so pledged and thereafter received by the  
31 municipality or the Connecticut Development Authority shall be  
32 subject to the lien of such pledge without any physical delivery thereof  
33 or further act. The lien of such pledge shall be valid and binding  
34 against all parties having claims of any kind in tort, contract or  
35 otherwise against the municipality or the Connecticut Development  
36 Authority, even if the parties have no notice of such lien. Recording of  
37 the resolution or any other instrument by which such a pledge is  
38 created shall not be required. In connection with any such assignment  
39 of taxes or payments in lieu of taxes, the Connecticut Development  
40 Authority may, if the resolution so provides, exercise the rights  
41 provided for in section 12-195h of an assignee for consideration of any  
42 lien filed to secure the payment of such taxes or payments in lieu of  
43 taxes. All expenses incurred in providing such assistance may be  
44 treated as project costs.

45 (b) Any proceedings authorizing the issuance of bonds under this  
46 section may contain a provision that taxes or a specified portion  
47 thereof, if any, identified in such authorizing proceedings and levied  
48 upon taxable real or personal property, or both, in a project each year,  
49 or payments or grants in lieu of such taxes or a specified portion

50 thereof, by or for the benefit of any one or more municipalities,  
51 districts or other public taxing agencies, as the case may be, shall be  
52 divided as follows: (1) In each fiscal year that portion of the taxes or  
53 payments or grants in lieu of taxes which would be produced by  
54 applying the then current tax rate of each of the taxing agencies to the  
55 total sum of the assessed value of the taxable property in the project on  
56 the date of such authorizing proceedings, adjusted in the case of grants  
57 in lieu of taxes to reflect the applicable statutory rate of  
58 reimbursement, shall be allocated to and when collected shall be paid  
59 into the funds of the respective taxing agencies in the same manner as  
60 taxes by or for said taxing agencies on all other property are paid; and  
61 (2) that portion of the assessed taxes or the payments or grants in lieu  
62 of taxes, or both, each fiscal year in excess of the amount referred to in  
63 subdivision (1) of this subsection shall be allocated to and when  
64 collected shall be paid into a special fund of the Connecticut  
65 Development Authority to be used in each fiscal year, in the discretion  
66 of the Connecticut Development Authority, to pay the principal of and  
67 interest due in such fiscal year on bonds issued by the Connecticut  
68 Development Authority to finance, refinance or otherwise assist such  
69 project, to purchase bonds issued for such project, or to reimburse the  
70 provider of or reimbursement party with respect to any guarantee,  
71 letter of credit, policy of bond insurance, funds deposited in a debt  
72 service reserve fund, funds deposited as capitalized interest or other  
73 credit enhancement device used to secure payment of debt service on  
74 any bonds issued by the Connecticut Development Authority to  
75 finance, refinance or otherwise assist such project, to the extent of any  
76 payments of debt service made therefrom. Unless and until the total  
77 assessed valuation of the taxable property in a project exceeds the total  
78 assessed value of the taxable property in such project as shown by the  
79 last assessment list referred to in subdivision (1) of this subsection, all  
80 of the taxes levied and collected and all of the payments or grants in  
81 lieu of taxes due and collected upon the taxable property in such  
82 project shall be paid into the funds of the respective taxing agencies.  
83 When such bonds and interest thereof, and such debt service

84 reimbursement to the provider of or reimbursement party with respect  
85 to such credit enhancement, have been paid in full, all moneys  
86 thereafter received from taxes or payments or grants in lieu of taxes  
87 upon the taxable property in such development project shall be paid  
88 into the funds of the respective taxing agencies in the same manner as  
89 taxes on all other property are paid. The total amount of bonds issued  
90 pursuant to this section which are payable from grants in lieu of taxes  
91 payable by the state shall not exceed an amount of bonds, the debt  
92 service on which in any state fiscal year is, in total, equal to one million  
93 dollars.

94 (c) The authority may make grants or provide loans or other forms  
95 of financial assistance from the proceeds of special or general  
96 obligation notes or bonds of the authority issued without the security  
97 of a special capital reserve fund within the meaning of subsection (b)  
98 of section 32-23j, which bonds are payable from and secured by, in  
99 whole or in part, the pledge and security provided for in section 8-134,  
100 8-192, 32-227 or this section, all on such terms and conditions,  
101 including such agreements with the municipality and the developer of  
102 the project, as the authority determines to be appropriate in the  
103 circumstances, provided any such project in an area designated as an  
104 enterprise zone pursuant to section 32-70 receiving such financial  
105 assistance shall be ineligible for any fixed assessment pursuant to  
106 section 32-71, and the authority, as a condition of such grant, loan or  
107 other financial assistance, may require the waiver, in whole or in part,  
108 of any property tax exemption with respect to such project otherwise  
109 available under subsection (59) or (60) of section 12-81.

110 (d) As used in this section, "bonds" means any bonds, including  
111 refunding bonds, notes, temporary notes, interim certificates,  
112 debentures or other obligations; "legislative body" has the meaning  
113 provided in subsection (w) of section 32-222; and "municipality" means  
114 a town, city, consolidated town or city or consolidated town and  
115 borough.

116 (e) For purposes of this section, references to the Connecticut  
117 Development Authority shall include any subsidiary of the  
118 Connecticut Development Authority established pursuant to  
119 subsection (l) of section 32-11a, and a municipality may act by and  
120 through its implementing agency, as defined in subsection (k) of  
121 section 32-222.

122 [(f) No commitments for new projects shall be approved by the  
123 authority under this section on or after July 1, 2012.]

124 [(g)] (f) In the case of a remediation project, as defined in subsection  
125 (ii) of section 32-23d, that involves buildings that are vacant,  
126 underutilized or in deteriorating condition and as to which municipal  
127 real property taxes are delinquent, in whole or in part, for more than  
128 one fiscal year, the amount determined in accordance with subdivision  
129 (1) of subsection (b) of this section may, if the resolution of the  
130 municipality so provides, be established at an amount less than the  
131 amount so determined, but not less than the amount of municipal  
132 property taxes actually paid during the most recently completed fiscal  
133 year. If the Connecticut Development Authority issues bonds for the  
134 remediation project, the amount established in the resolution shall be  
135 used for all purposes of subsection (a) of this section.

136 Sec. 2. Section 32-285 of the general statutes is repealed and the  
137 following is substituted in lieu thereof (*Effective July 1, 2011*):

138 (a) (1) There is hereby established a tax incremental financing  
139 program, under which the incremental hotel taxes collected under  
140 subparagraph (H) of subdivision (2) of subsection (a) of section 12-407,  
141 which are generated by a project approved by the authority under this  
142 section may be used to pay the debt service on bonds issued by the  
143 authority to help finance, on a self-sustaining basis, significant  
144 economic projects and encourage their location in the state.

145 (2) The incremental sales taxes collected under chapter 219, other  
146 than the sales tax referenced in subdivision (1) of this subsection, and

147 admissions, cabaret and dues taxes collected under chapter 225 which  
148 are generated by a project may, subject to approval pursuant to this  
149 section by the joint standing committees of the General Assembly  
150 having cognizance of matters relating to the Department of Economic  
151 and Community Development and finance, revenue and bonding, and  
152 the authority, be used to pay the debt service on bonds issued by the  
153 authority to help finance, on a self-sustaining basis, significant  
154 economic projects and encourage their location in the state.

155 (b) As used in this section: (1) "Authority" means the Connecticut  
156 Development Authority; and (2) "eligible project" means a large-scale  
157 economic development project (A) that may add a substantial amount  
158 of new economic activity and employment in the municipality in  
159 which it is to be located and surrounding areas, and may generate  
160 significant additional tax revenues in the state; (B) for which use of the  
161 tax incremental financing mechanism may be necessary to attract the  
162 project to locate in the state; (C) which is economically viable and self-  
163 sustaining, taking into account the application of the proceeds of the  
164 bonds to be issued under the tax incremental financing program; (D)  
165 for which the direct and indirect economic benefits to the state and the  
166 municipality in which it will be located outweigh the costs of the  
167 project; and (E) which is consistent with the strategic development  
168 priorities of the state.

169 (c) Any person, firm or corporation wishing to participate in the tax  
170 incremental financing program, or any municipality wishing to obtain  
171 tax incremental financing to support a project within its boundaries,  
172 may apply to the authority in accordance with the provisions of this  
173 subsection. The application shall contain such information as the  
174 authority may require, which may include information concerning the  
175 type of business proposed to be established and its location, the  
176 number of jobs to be created or retained and their average wage rates,  
177 feasibility studies or business plans for the project and other  
178 information necessary to demonstrate its financial viability, the  
179 amounts and types of bonds proposed to be issued for the project and

180 the proposed use of the proceeds, information about other sources of  
181 financing available to support repayment of the bonds proposed to be  
182 issued, including property tax increments to be made available by the  
183 municipality, a geographic description of the area surrounding the  
184 proposed site of the project and the existing firms doing business in  
185 that area, an economic impact assessment of the effects of the project  
186 on the municipality, an assessment of the incremental hotel taxes, or, if  
187 applicable, the incremental sales and admissions, cabaret and dues  
188 taxes to be generated by the project, an analysis of necessary  
189 infrastructure development to support the project and any available  
190 sources of financing for such infrastructure and other information  
191 which demonstrates that the bonds will be self-sustaining from the  
192 incremental taxes collected and any amounts made available by a  
193 municipality under subsection (i) of this section, and that the project  
194 will provide net benefits to the economy and employment opportunity  
195 in the state. The authority shall impose a fee for such application as it  
196 deems appropriate. Any costs incurred by the authority which are  
197 associated with such application and are not covered by such fee shall  
198 be paid from funds of the authority which are not otherwise  
199 committed or pledged.

200 (d) Upon receiving an application for participation in the tax  
201 incremental financing program and any supporting information, the  
202 executive director of the authority shall make a preliminary  
203 determination as to whether a proposed project may be eligible for  
204 participation in the program.

205 (e) (1) The authority shall review each application that has been  
206 preliminarily determined to be eligible under subsection (d) of this  
207 section. In reviewing an application, the authority shall obtain such  
208 additional information as may be necessary to make a final  
209 determination as to whether the project is eligible for participation in  
210 the program, whether the project is economically viable with use of the  
211 tax incremental financing mechanism, the effects of the project on the  
212 municipality and whether the project would provide net benefits to

213 economic development and employment opportunity in the state. The  
214 authority may require the project sponsor to submit such additional  
215 information as may be necessary to evaluate the application.

216 (2) The authority shall retain such financial advisors and other  
217 experts as it deems appropriate to conduct an independent financial  
218 assessment of the application and supporting information, including,  
219 in particular, the amount of the incremental hotel taxes, or, if  
220 applicable, the incremental sales and admissions, cabaret and dues  
221 taxes to be generated by the project, whether the project will be  
222 economically viable and whether the bonds will be self-sustaining.

223 (3) The authority shall prepare a revenue impact assessment that  
224 estimates the incremental hotel taxes or, if applicable, the incremental  
225 sales and admissions, cabaret and dues taxes that would be generated  
226 by the project, the state and local revenues that would be foregone as a  
227 result of the project, all state and local revenues that would be  
228 generated by the project and the economic benefits that would likely  
229 result from construction of the project, including revenue effects of  
230 such economic benefits.

231 (4) (A) Not later than seventy-two hours before presenting a  
232 proposed project to the board of directors of the authority for final  
233 approval, if such project uses incremental hotel taxes, the executive  
234 director of the authority shall give notice of the proposed project and  
235 meeting to the president pro tempore and minority leader of the  
236 Senate, the speaker and minority leader of the House of  
237 Representatives and the chairpersons and ranking members of the  
238 joint standing committees of the General Assembly having cognizance  
239 of matters relating to finance, revenue and bonding and the  
240 Department of Economic and Community Development. Such notice  
241 shall include such information about the project, the estimated tax  
242 increments and the revenue impact assessment, as may be appropriate,  
243 consistent with the protection of any confidential financial information  
244 provided by the project sponsor. Any such member of the General



245 Assembly may, by notifying the executive director, request that the  
246 board of directors of the authority defer final consideration of the  
247 project for thirty days.

248 (B) If such project uses incremental sales and admissions, cabaret  
249 and dues taxes, the notice required pursuant to subparagraph (A) of  
250 this subdivision shall not be required, but the procedure in subdivision  
251 (6) of subsection (f) of this section shall be followed after the board of  
252 directors of the authority has given approval to such project.

253 (f) (1) Upon consideration of the application, the results of the  
254 independent financial assessment, the revenue impact assessment and  
255 any additional information that the board of directors of the authority  
256 requires concerning a proposed project, such board of directors shall  
257 determine whether to approve the project for participation in the tax  
258 incremental financing program and, if so, the amount and type of  
259 bonds the authority shall issue to support the approved project, the  
260 purposes for which the funds generated by sale of the bonds may be  
261 applied and the amount of the incremental sales and admissions,  
262 cabaret and dues taxes that shall be annually allocated to pay principal  
263 and interest on the bonds to be issued for the project. The amounts so  
264 allocated shall not exceed the estimated amount of incremental taxes to  
265 be collected, except that in the case of retail shopping center projects,  
266 the amount of incremental sales allocated to calculating incremental  
267 sales taxes shall not exceed thirty per cent of gross sales directly  
268 associated with the project. From the amount of incremental taxes so  
269 allocated by the authority, the amount required for payment of  
270 principal and interest on the bonds issued in accordance with  
271 subsection (g) of this section shall be deemed appropriated from the  
272 state General Fund, provided, for projects using incremental sales and  
273 admissions, cabaret and dues taxes, an amount shall be deemed  
274 appropriated only upon final approval of such projects pursuant to  
275 subdivision (6) of this subsection.

276 (2) The authority may approve a project only if it concludes that: (A)

277 The project is an eligible project; (B) the incremental hotel taxes or, if  
278 applicable, the incremental sales taxes collected under chapter 219 and  
279 the incremental admissions, cabaret and dues taxes collected under  
280 chapter 225 that are generated by the project, together with other  
281 dedicated sources of financing available to pay debt service on the  
282 bonds, will be sufficient to pay interest and principal on the bonds as  
283 they come due; (C) the project will be economically viable and will  
284 contribute significantly to economic development and employment  
285 opportunity in the state; and (D) the direct and indirect economic  
286 benefits of the project to the state and the municipality in which it shall  
287 be located will be greater than the costs to the state and such  
288 municipality.

289 (3) The authority shall seek to obtain diversification among the  
290 types of projects supported under this program and among the  
291 geographic regions in the state in which projects are located.

292 (4) The approval of a project by the authority may be combined with  
293 the exercise of any of its other powers, including but not limited to, the  
294 provision of other forms of financial assistance. The proceeds of the  
295 bonds may be combined with any other funds available from state or  
296 federal programs, or from investments by the private sector, to support  
297 the project.

298 (5) Upon approving a project, the authority may require the project  
299 sponsor to reimburse the authority for all or any part of the costs of the  
300 independent financial assessment conducted in reviewing the  
301 application and any other related costs incurred.

302 (6) For final approval of any proposed project using incremental  
303 sales and admissions, cabaret and dues taxes, the authority shall  
304 submit, in a manner consistent with the protection of any confidential  
305 financial information provided by the project sponsor, copies of the  
306 application, the independent financial assessment, the revenue impact  
307 assessment, and the proposed financial assistance to be offered by the

308 authority to the proposed project, to the joint standing committees of  
309 the General Assembly having cognizance of matters relating to the  
310 Department of Economic and Community Development and finance,  
311 revenue and bonding for final approval. Not later than forty-five days  
312 after said committees' receipt of such proposed project information,  
313 said committees shall advise the authority of their approval or  
314 modifications, if any, to such proposed financial assistance. If said  
315 committees do not agree, the committee chairpersons shall appoint a  
316 committee on conference which shall be comprised of three members  
317 from each joint standing committee. At least one member appointed  
318 from each committee shall be a member of the minority party. The  
319 report of the committee on conference shall be made to each  
320 committee, which shall vote to accept or reject the report. The report of  
321 the committee on conference may not be amended. If a joint standing  
322 committee rejects the report of the committee on conference, the  
323 proposed financial assistance shall be deemed approved. If the joint  
324 standing committees accept the report, the committee having  
325 cognizance of finance, revenue and bonding shall advise the authority  
326 of their approval or modifications, if any, of such proposed financial  
327 assistance, provided, if the committees do not act within forty-five  
328 days, the proposed financial assistance shall be deemed approved.  
329 Financial assistance by the authority for the proposed project shall be  
330 in accordance with the proposed financial assistance as approved or  
331 modified by the committees.

332 (g) (1) The authority may issue one or more series of bonds in  
333 accordance with the provisions of chapter 579, to the extent not  
334 inconsistent with the provisions of this subsection, payable in whole or  
335 in part from the incremental taxes allocated and deemed appropriated  
336 from the state General Fund under subsection (f) of this section and  
337 any amounts contributed by a municipality under subsection (i) of this  
338 section, to finance a project approved under this section or to refund  
339 bonds previously issued under this section. The authority is  
340 authorized to make a grant of all or part of the proceeds of such bonds

341 to any person in connection with the acquisition, construction and  
342 equipping of an eligible project, including the expense of the state or  
343 any municipality, or any instrumentality or agency of the state or any  
344 municipality, in connection therewith. Subject to applicable federal tax  
345 law, the authority may issue such bonds, the interest on which is  
346 excludable from gross income for federal income tax purposes, or such  
347 bonds, the interest on which is not so excludable. The authority, when  
348 authorizing the issuance of any series of such bonds, shall, in  
349 conjunction with the State Treasurer, determine the rate of interest of  
350 such bonds, the date or dates of their maturity, the medium of  
351 payment, the redemption terms and privileges, whether such bonds  
352 shall be sold by negotiated or competitive sale and any and all other  
353 terms, covenants and conditions not inconsistent with this section, in  
354 connection with the issuance thereof, including but not limited to, the  
355 pledging of special capital reserve funds authorized under subsection  
356 (b) of section 32-23j.

357 (2) The issuance of any bonds by the authority under this section  
358 shall be subject to the approval of the State Bond Commission. Upon  
359 approving a project, the authority shall submit the matter to the State  
360 Bond Commission for final approval. The State Bond Commission  
361 shall not approve any project unless it has received the submission  
362 from the authority at least ten days prior to the meeting at which such  
363 project is to be considered. Such submission shall include the  
364 information considered by the authority in approving the project, the  
365 independent financial assessment and such other information as the  
366 commission deems appropriate. In reaching its decision, the State  
367 Bond Commission may consider such information as submitted. After  
368 such approval by the Bond Commission, no other approval shall be  
369 required for the project.

370 (h) For such period of time as bonds issued to support an approved  
371 project are outstanding, the Treasurer shall make payment of interest  
372 and principal on the bonds to the trustee when due, but not exceeding  
373 in any fiscal year the amount deemed appropriated pursuant to

374 subsection (f) of this section.

375 (i) A portion of the proceeds of bonds issued pursuant to this  
376 section may be made available to a municipality in which a project is  
377 located for the purpose of carrying out or administering a  
378 redevelopment plan or other functions authorized under chapter 130  
379 or chapter 132. Such municipality may contribute all or any part of the  
380 money specified in subdivision (2) of section 8-134a or subdivision (b)  
381 of section 8-192a to the authority for the payment of principal and  
382 interest on the bonds issued by the authority under this section to  
383 support such approved project. In exercising such power, such  
384 municipalities shall proceed as provided in said chapter 130 or 132, as  
385 the case may be, except that the references therein to bonds and bond  
386 anticipation notes shall be deemed to refer to the bonds issued by the  
387 authority under this section.

388 (j) (1) Not later than July first in each year that bonds issued to  
389 support an approved project are outstanding, the authority shall  
390 submit a report to the joint standing committees of the General  
391 Assembly having cognizance of matters relating to the Department of  
392 Economic and Community Development and finance, revenue and  
393 bonding with respect to the operations, finances and achievement of  
394 the economic development objectives of the projects approved under  
395 this section. The authority shall review and evaluate the progress of  
396 each project and shall devise and employ techniques for forecasting  
397 and measuring relevant indices of accomplishment of its goals of  
398 economic development, including, but not limited to, (A) the actual  
399 expenditures compared to original estimated costs, (B) whether there  
400 have been significant cost increases over original estimates, (C) the  
401 number of jobs created, or to be created, by or as a result of the project,  
402 (D) the cost or estimated cost, to the authority, involved in the creation  
403 of those jobs, (E) the amount of private capital investment in, or  
404 stimulated by, the project, in proportion to the public funds invested in  
405 such project, (F) the number of additional businesses created and  
406 associated jobs, and (G) any impact on tourism.

407 (2) Not later than July first in each year that bonds issued to support  
408 an approved project are outstanding, the Office of Policy and  
409 Management shall retain independent financial experts to conduct an  
410 analysis of the financial status of each project approved under this  
411 section. The independent financial analysis shall include, but not be  
412 limited to, determinations as to whether the incremental hotel taxes or,  
413 if applicable, the incremental sales and admissions, cabaret and dues  
414 taxes actually generated by the project are equal to the estimates made  
415 at the time the project was approved, whether the project is  
416 economically viable and whether the bonds issued are self-sustaining  
417 with the incremental taxes actually collected and other financing  
418 sources dedicated to repayment of the bonds. The authority shall  
419 require the project sponsor to reimburse the Office of Policy and  
420 Management for the costs of such annual analyses. The results of such  
421 analyses shall be made available to the president pro tempore of the  
422 Senate, the speaker of the House of Representatives, the majority and  
423 minority leaders of both houses, and to the chairpersons and ranking  
424 members of said committees.

425 [(k) No commitments for new projects shall be approved by the  
426 authority under this section on or after July 1, 2012.]

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2011</i>	32-23zz
Sec. 2	<i>July 1, 2011</i>	32-285

**Statement of Purpose:**

To eliminate the sunset dates for the issuance of bond funds for information technology projects and remediation projects, and for the tax incremental financing program.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*