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John DeStefano, Jr.
Mayor

Testimony of the City of New Haven
to the Commerce Committee

Supporting
S.B. No. 144 (RAISED) AN ACT EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS.

Submitted by
Kelly Murphy, Development Administrator, City of New Haven
March 20, 2012

Senator LeBeau, Rep. Berger and members of the Committee, thank you for the opportunity to testify in support of SB 144 AN ACT EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS.

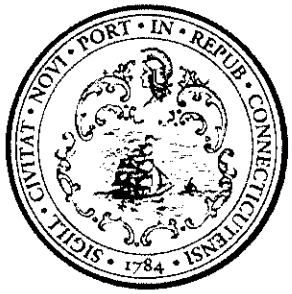
With few options for large scale capital financing, economic development officials across the state are exploring more creative ways to build necessary infrastructure and fill financing gaps in development projects. The proposed bill expands the traditional use of tax increment financing (underwritten by future property tax) to look at blended financing from property tax, sales and income taxes, all of which are generated from net new economic activity. This approach was informed by innovative economic development TIF and grant programs in Missouri, New Jersey and Massachusetts, but is specific for the needs of Connecticut. The proposed program would dedicate up to 75% of certain incremental state and local tax revenue streams, paid over up to 20 years, to supplement other investment sources. The balance of net new tax revenues would go to the state and local general fund(s).

By way of example, there is an opportunity to develop the medical district in New Haven because of the high quality of research and health care activities now taking place. To increase the job and tax base within a center city will require a significant investment in roads and public infrastructure. The project has the potential to create 7,000 to 9,300 net new permanent jobs and would produce up to $1 BILLION in economic output, annual income tax revenue of up to $25M and $51M in sales tax receipts all because of an investment in a globally-competitive industrial sector

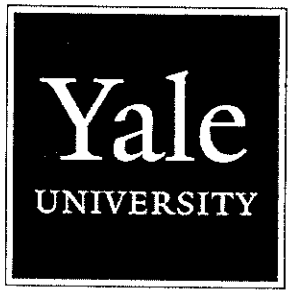
Upon review of the proposal we would recommend that the Committee consider providing for these bonds to be issued by any of the agencies authorized under Chapters 130, 132 or pursuant to section 32-32zz of the General Statutes and the revenue to remit to the issuing agency. It very important to carefully consider the language and practical applications of such proposal and therefore we would be happy to work with the committee on this exciting opportunity.

I have attached a presentation on the Medical District project and more information on this and other projects is available on our website http://www.cityofnewhaven.com/EconomicDevelopment/Projects/

Thank you for your consideration. I would be happy to answer any questions you may have.



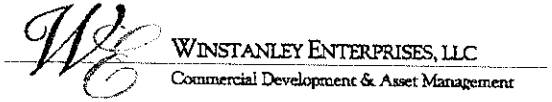
CITY OF NEW HAVEN



YALE-NEW HAVEN HOSPITAL

Yale SCHOOL OF MEDICINE

CITY OF NEW HAVEN
ECONOMIC DEVELOPMENT



NEW HAVEN MEDICAL DISTRICT

16 DECEMBER 2011

NEW HAVEN: AN ECONOMIC ENGINE FOR CT

- New Haven Medical District & regional bioscience companies are a strong anchor to the emerging CT Research Triangle, positioning the State to lead bioscience R & D nationally.
  - 21,000 jobs at Yale University & Yale New Haven Hospital (Yale 4th largest employer in State, YNHH is 7th)
  - 11,600 jobs in the New Haven Medical District
  - 5,600 of 6,900 research jobs in CT are in New Haven (80%)
  - 42 out of 60 CT bioscience companies are in the New Haven region, 1,600 jobs, approximately 70%
  - Bioscience is 70 % of total CT venture capital investments

Sources: HBJ, CURE, Yale University, EDC, AAMC, Ninigret Partners

MAJOR CENTER FOR BIOMEDICAL RESEARCH

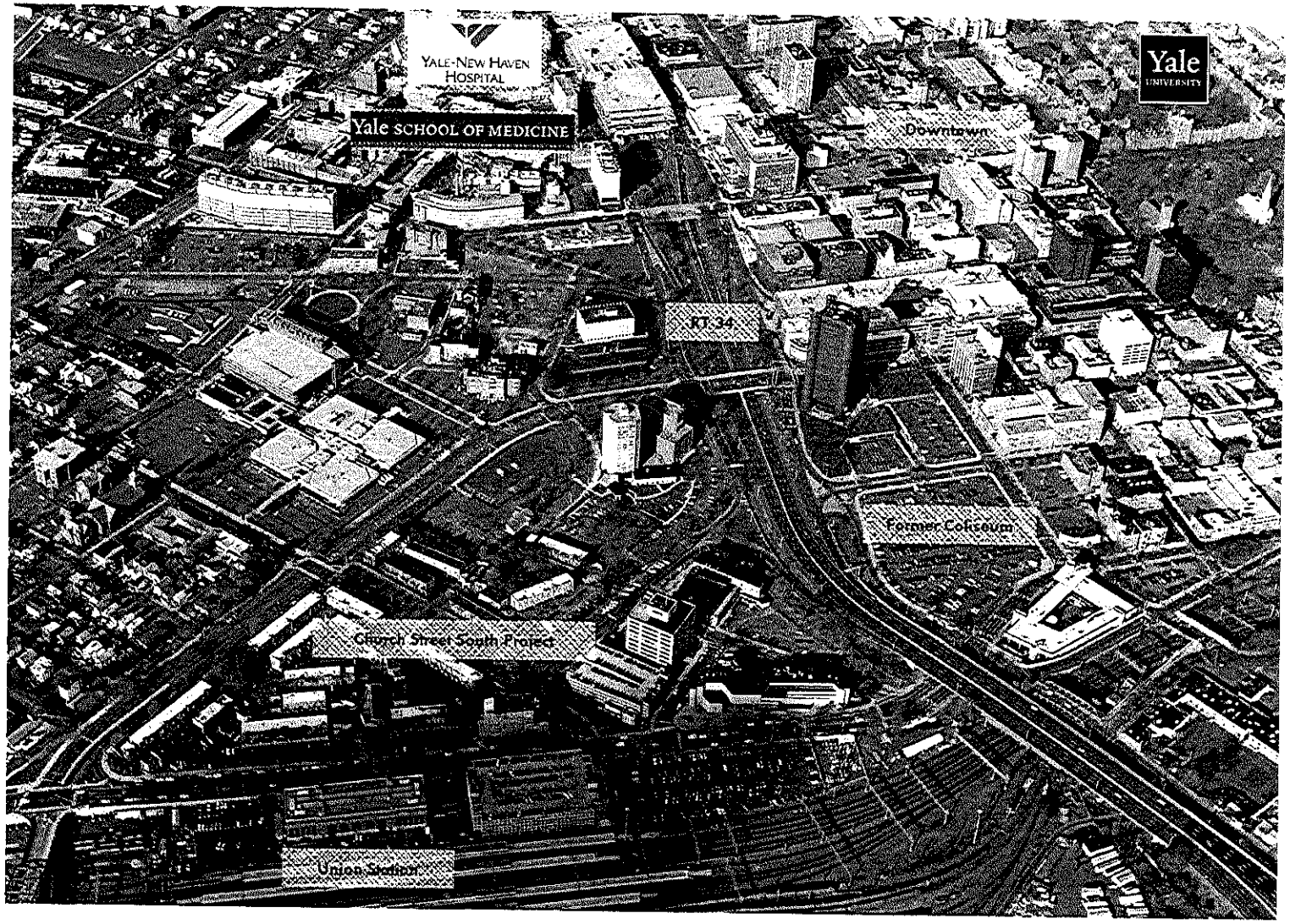
Total NIH Research Funding by City

Rank	City	Total
1	BOSTON	$ 1,731,605,006
2	NEW YORK	$ 1,154,419,839
3	BALTIMORE	$ 797,320,888
4	SEATTLE	$ 783,494,653
5	PHILADELPHIA	$ 770,299,254
6	LA JOLLA	$ 742,209,143
7	LOS ANGELES	$ 646,932,678
8	SAN FRANCISCO	$ 577,212,628
9	CHICAGO	$ 557,589,160
10	HOUSTON	$ 504,133,105
11	PITTSBURGH	$ 489,426,621
12	ANN ARBOR	$ 473,588,168
13	SAINT LOUIS	$ 402,866,102
14	NEW HAVEN	$ 386,067,732
15	DURHAM	$ 357,727,024
16	NASHVILLE	$ 350,827,134
17	CHAPEL HILL	$ 341,449,146
18	STANFORD	$ 339,893,354
19	CAMBRIDGE	$ 334,926,110
20	ATLANTA	$ 328,880,606

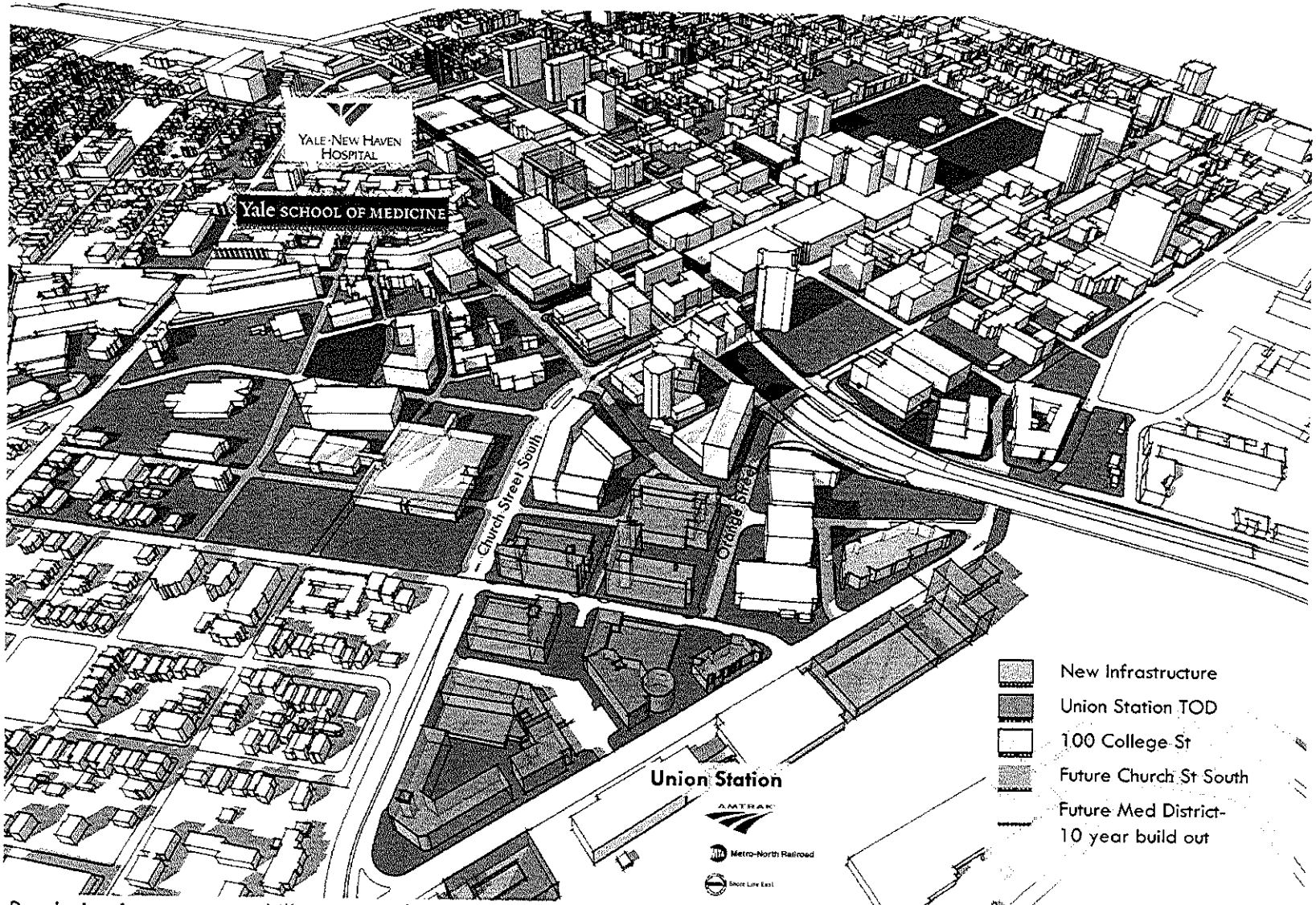
Source: NIH Funding 2010 aggregate data; NP analysis

- New Haven's Institutions Are:
  - 6th in nation for neuroscience research
  - 7th in nation, per capita research funding, right behind Boston and Cambridge
  - 12th in nation for heart disease research
  - 13th in nation for clinical research
- Connecticut is:
  - 13th in nation for combined Economic and Employment Impact leveraged from Federal & State Funded Research--research at Yale is approximately 80% of this state-wide activity.

MEDICAL DISTRICT ORIENTATION



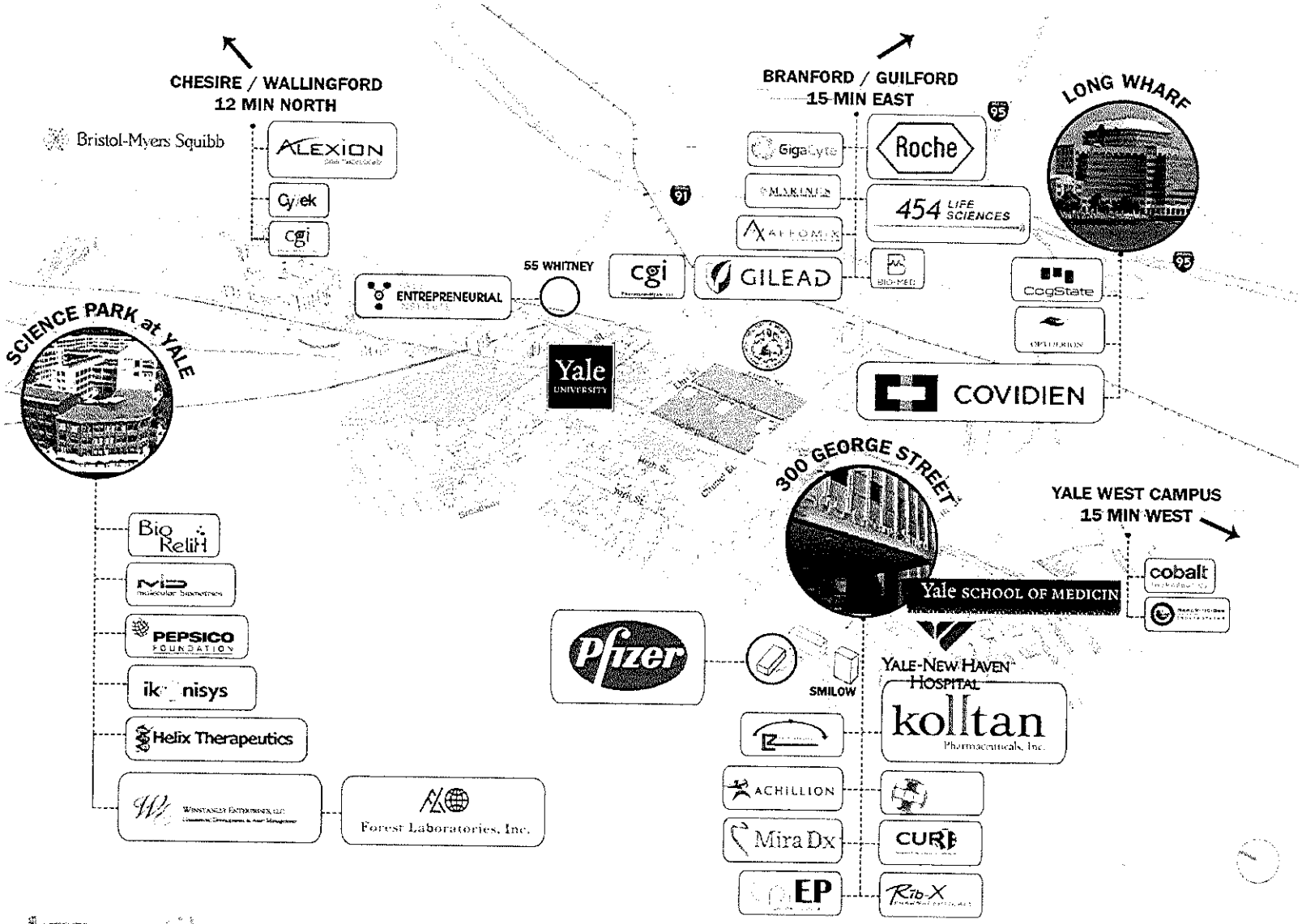
MEDICAL DISTRICT PLAN—10 YEAR VISION



Rendering is a conceptual illustration of future opportunity.

EDC New Haven

NEW HAVEN BIOSCIENCE CLUSTER



MEDICAL DISTRICT DEVELOPMENT OPPORTUNITY

- Building on the catalyzing development at 100 College Street, the remaining available land provides potential to almost **double the size** of the medical district in the next 10 years:
  - 7,000-9,300 net new permanent jobs,
  - Up to $1 B potential additional annual economic output,
  - Annual income tax revenue up to $25 million, sales tax to $51 million
  - Additional build out possible throughout remainder of district.
- ***New Haven's new Medical District will be a showcase urban center for Biomedical Research, remaining competitive with re-envisioned hubs like Cambridge, Pittsburgh, & Cleveland and complementing the investments in Farmington/Storrs to create a I-91 research corridor that rivals any metropolitan region in the nation.***

These economic projections were based on 2008 REMI model, updated with 2010 data on full district new build projections. (does not include construction)

MEDICAL DISTRICT - NEAR TERM

1. Request for Direct Governor's Office/DECD point person to facilitate the advancement of this plan.
2. Multi-Tax TIF Legislation Approval

   - Provides impactful funding for municipal infrastructure and development projects. This TIF proposal blends both Municipal and State revenue to provide gap financing for up to 20% of project costs by bonding against up to 75% of net new incremental tax revenue. Based on a model implemented in New Jersey's 2009 Stimulus Act and City will initiate the introduction of the proposed legislation in the next session.

3. Funding for Design & Construction of Infrastructure $45 m

   - This funding would provide the $2.5 million of design fees to finalize construction documents on the full district infrastructure plan, as well as approximately $42.25 million for construction costs to build out the full district (not including Rt 34 and Church Street South). A final estimate will be provided during the final design phase.

4. Bioscience Career Ladder Workforce Training $ 3 m

   - Funding to provide initial 2-year curriculum and staff oversight to develop a targeted training program at Gateway Community College and other programs to advance workforce into future jobs in the district.

5. Enabling Authority to Convey Rt 34, College St to Orange St for Economic Development

   - In order to provide critical expansion space to the 100 College Street development, the next parcel in the Rt 34 corridor. City will request enabling authority in next legislative session.

MEDICAL DISTRICT - NEAR TERM (2)

6. Union Station TOD Project Advancement (in process)

- City of New Haven in coordination with State DOT to advance this project.

7. Church Street South Project Advancement (in process)

- Project in pre-development phase, and financing needs will be raised in the future.

8. Future full build of Rt 34 infrastructure /Downtown Crossing

- State's participation in Phase I of the Rt 34 infrastructure has been instrumental to leveraging additional federal and private funds. Future participation in the remainder of the corridor will be required.