



# Senate

General Assembly

**File No. 255**

*January Session, 2013*

Senate Bill No. 537

*Senate, April 2, 2013*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT ESTABLISHING A BROKER BETWEEN EB-5 VISA APPLICANTS AND BUSINESSES SEEKING CAPITAL.***

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

1 Section 1. (NEW) (*Effective October 1, 2013*) (a) The Commissioner of  
2 Economic and Community Development shall, within available  
3 appropriations, develop and administer a program in which the  
4 Department of Economic and Community Development shall serve as  
5 a broker between foreign investors applying for an EB-5 visa, pursuant  
6 to Section 203(b)(5) of the Immigration and Nationality Act, 8 USC  
7 Section 1153(b)(5), and businesses and individuals in the state seeking  
8 capital investments.

9 (b) The commissioner shall charge an administrative fee for the  
10 services provided by the program developed pursuant to subsection  
11 (a) of this section. Such fee shall be sufficient to cover the costs of  
12 administering such program.

13 (c) The commissioner shall apply to the United States Citizenship

14 and Immigration Services for designation of the program developed  
15 pursuant to subsection (a) of this section as an EB-5 Regional Center.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	New section

**CE**      *Joint Favorable*

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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Department of Economic & Community Development	GF - Potential Cost	200,000	300,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Potential Cost	51,810	69,080

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Economic and Community Development to develop and administer an EB-5 program within available appropriations. However, if the bill were to be implemented the costs to DECD would be \$251,810 in FY 14 and \$369,080 in FY 15.

The Department would require at least two positions in order to apply and establish an EB-5 program. The program requires an employee with a legal background, specializing in immigration law and the federal EB-5 program. At least one other position would be necessary to assist in administering the program, including processing applications, networking potential investors with projects, and tracking any investments made in the state. The total cost for two such positions would be approximately \$201,810 in FY 14 (\$150,000 in salary and \$51,810 in fringe costs) and \$269,080 annually thereafter (\$200,000 in salary and \$69,080 in fringe costs).

In addition, DECD would incur a cost of up to \$50,000 in FY 14 for

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 34.54% of payroll in FY 14 and FY 15.

application costs, which would include \$6,230 in fees required as well as the economic impact studies necessary in the application process of gaining EB-5 regional center status. The processing time for an application by the U.S. Citizenship and Immigration Services is approximately nine months. It is anticipated that there would be a cost of up to \$100,000 each year after in marketing and travelling costs to continue promoting the program internationally.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. In addition, normal annual pension costs (currently estimated at 7.5% of payroll) attributable to the identified personnel changes will be recognized in the state's annual required pension contribution in future actuarial valuations.

**OLR Bill Analysis****SB 537*****AN ACT ESTABLISHING A BROKER BETWEEN EB-5 VISA APPLICANTS AND BUSINESSES SEEKING CAPITAL.*****SUMMARY:**

This bill requires the economic and community development commissioner to establish a program matching Connecticut residents and businesses seeking venture capital investments with foreigners seeking to make such investments under the federal EB-5 Immigrant Investor Program. The federal program grants foreigners permanent resident visas if (1) they make the minimum required investment (\$1 million or \$500,000 depending on the area) in a U.S. business or a EB-5 Regional Center and (2) the investment results in at least 10 full-time jobs. The commissioner must establish the program within available appropriations and charge service fees that cover its administrative costs.

The commissioner must also apply to the United States Citizenship and Immigration Services (USCIS) to designate the program as an EB-5 Regional Center, which identifies investment opportunities; offers them to immigrant investors; and ensures compliance with the law's minimum investment, job creation, and other requirements. Businesses receiving investments through these centers must generate enough revenue from export sales to directly or indirectly create at least 10 new jobs. USCIS authority to designate regional centers expires September 30, 2015 (P.L. 112-176).

EFFECTIVE DATE: October 1, 2013

**BACKGROUND*****EB-5 Program (8 USC § 1153(b)(5))***

The program offers permanent-resident visa status to foreign

investors who invested, or are in the process of investing, the minimum required amount in a new commercial enterprise, including an (1) original business, (2) existing business being restructured or reorganized into a new commercial enterprise, or (3) existing business undergoing major expansions. EB-5 applicants must prove that their investments will benefit the U.S. economy and directly create at least 10 full-time jobs.

The program's minimum required investments vary depending on the location of the business receiving the investment and the location's employment rate. For most locations, the minimum required investment is \$1 million. In federally-defined rural or high unemployment areas (i.e., Targeted Employment Areas), the minimum is \$500,000.

### ***Regional Centers***

An EB-5 Regional Center is a public or private entity involved in creating jobs, promoting economic growth, increasing export sales, improving regional productivity, and increasing domestic capital investments.

Under federal law, an entity applying for a regional center designation must submit a proposal to USCIS, supported by economically or statistically valid forecasting tools, showing:

1. how it plans to focus on and promote economic growth in a U.S. geographical region,
2. how jobs will be created directly or indirectly through capital investments,
3. the amount and source of capital committed to the regional center,
4. the promotional efforts made and planned for the business project, and
5. how the center will have a positive impact on the regional or

national economy.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/14/2013)