



Senate

General Assembly

File No. 487

January Session, 2013

Substitute Senate Bill No. 942

Senate, April 15, 2013

The Committee on Government Administration and Elections reported through SEN. MUSTO of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CAPS ON STATE FINANCIAL ASSISTANCE FOR BUSINESS PROJECTS AND THE URBAN AND INDUSTRIAL SITE TAX CREDIT.

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

1 Section 1. Section 32-462 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) As used in this section:

4 (1) "Agency" means the Department of Economic and Community
5 Development or Connecticut Innovations, Incorporated.

6 (2) "Financial assistance" means grants, loans, loan guarantees,
7 contracts of insurance, investments, or combinations thereof, which are
8 provided from the proceeds of bonds, notes or other obligations of the
9 state or an agency which constitute a debt or liability of the state or
10 which are secured by a special capital reserve fund payable from
11 amounts appropriated or deemed appropriated from the General

12 Fund.

13 (3) "Applicant" means any eligible applicant seeking financial
14 assistance from an agency for a business project. The term "applicant"
15 shall not include any political subdivision of the state.

16 (4) "Business project" means a business proposal undertaken by one
17 or more applicants, but does not include housing unless undertaken in
18 combination with another unrelated type of business.

19 (5) "Biotechnology business project" means any commercial project
20 to be used or occupied by any person to conduct laboratory activity
21 relating to, or the research, development or manufacture of,
22 biologically active molecules or devices that apply to, affect or analyze
23 biological processes.

24 (b) (1) No agency or agencies may award more than a total of [ten
25 million] fifteen million five hundred forty thousand dollars of financial
26 assistance during any two-year period to an applicant or for a business
27 project unless such financial assistance is specifically authorized by an
28 act of the General Assembly which has been enacted before, on or after
29 July 1, 1994. (2) The provisions of subdivision (1) of this subsection
30 shall not apply to any awards funded or to be funded by bonds
31 authorized to be issued by the State Bond Commission before July 1,
32 1994.

33 (c) Notwithstanding the provisions of subsection (b) of this section,
34 no agency or agencies may award more than [twenty million] twenty-
35 six million ten thousand dollars of financial assistance for a
36 biotechnology business project during any two-year period unless
37 such financial assistance is specifically authorized by an act of the
38 General Assembly which has been enacted before, on or after July 1,
39 2001.

40 Sec. 2. Subsection (q) of section 32-9t of the general statutes is
41 repealed and the following is substituted in lieu thereof (*Effective July*
42 *1, 2013*):

43 (q) (1) Any tax credits approved under this section that would
 44 constitute in excess of [twenty million] twenty-six million seven
 45 hundred fifty thousand dollars in total for a single investment shall be
 46 submitted by the Commissioner of Economic and Community
 47 Development to the joint standing committee of the General Assembly
 48 having cognizance of matters relating to finance, revenue and bonding
 49 prior to the issuance of a certificate of eligibility for such investment.
 50 Said committee shall have thirty days from the date such project is
 51 submitted to convene a meeting to recommend approval or
 52 disapproval of such investment. If such submittal is withdrawn,
 53 altered, amended or otherwise changed, and resubmitted, said
 54 committee shall have thirty days from the date of such resubmittal to
 55 convene a meeting to recommend approval or disapproval of such
 56 investment. If said committee does not act on a submittal or
 57 resubmittal, as the case may be, within that time, the investment shall
 58 be deemed to be approved by said committee.

59 (2) While the General Assembly is in session, the House of
 60 Representatives or the Senate, or both, may meet not later than thirty
 61 days following the date said committee makes a recommendation
 62 pursuant to subdivision (1) of this subsection. If such submission is not
 63 disapproved by the House of Representatives or the Senate, or both,
 64 within such time, the commissioner may issue such certificate.

65 (3) While the General Assembly is not in regular session, the House
 66 of Representatives or the Senate, or both, may meet not later than
 67 thirty days following the date said committee makes a
 68 recommendation pursuant to subdivision (1) of this subsection. If such
 69 submission is not disapproved by the House of Representatives, the
 70 Senate, or both, within such time, the commissioner may issue such
 71 certificate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2013	32-462
Sec. 2	July 1, 2013	32-9t(q)

CE *Joint Favorable Subst. C/R*

GAE

GAE *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:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$
Department of Economic & Community Development	GOBonds - See Below	See Below	See Below
CT Innovations Inc. (quasi-public)	CII Funds - See Below	See Below	See Below
Department of Revenue Services	GF - Potential Revenue Loss	None	None

Municipal Impact: None

Explanation

The bill increases the limits for the amount of economic development assistance that the Department of Economic and Community Development (DECD) and Connecticut Innovations, Inc. (CII) may provide without affirmative legislative approval.

Assuming that any eligible project(s) would receive legislative approval without the proposed change there is no fiscal impact.

However if DECD provides assistance to an eligible project(s) that the legislature would otherwise disapprove, there would be a cost to the Manufacturing Assistance Act (MAA) program. The MAA program, funded by General Obligation bonds, is DECD's primary source for providing loans and grants for economic development assistance.

If CII provides assistance to an eligible project(s) that the legislature would otherwise disapprove, there would be a cost to CII. CII is a quasi-public state agency that is financed by loan repayments, investment returns, and fees so any costs would not be realized by the

state's funds.

The Out Years

Section 2 of the bill raises the limit for Urban and Industrial Sites tax credits.

Assuming that any eligible project(s) would receive legislative approval without the proposed change there is no fiscal impact.

However if an eligible project or projects receive tax credits that the legislature would otherwise disapprove, there would be a revenue loss in the outyears. These tax credits may begin to be utilized in the third full income year succeeding the year in which the investment on the project was made.¹

¹ The Urban and Industrial Sites tax credit may be utilized on the following schedule: 0% in the income year in which the investment on the project was made and the two succeeding years; 10% in the third full income year after the investment and the three succeeding years; 20% in the seventh full income year after the investment and the two succeeding years.

OLR Bill Analysis**sSB 942*****AN ACT CONCERNING CAPS ON STATE FINANCIAL ASSISTANCE FOR BUSINESS PROJECTS AND THE URBAN AND INDUSTRIAL SITE TAX CREDIT.*****SUMMARY:**

This bill raises the cap on the amount of financial assistance and tax credits the state can provide for economic development project without legislative approval.

Current law sets different caps on financing the Department of Economic and Community Development (DECD) and Connecticut Innovations, Inc. can provide for different types of projects over a two-year period. The bill raises the cap for (1) biotechnology projects from \$20 million to \$26.010 million and (2) other types of business projects from \$10 million to \$15.540 million. By law, these caps do not apply to state-funded municipal economic development projects.

The bill also raises the cap, from \$20 million to \$26.750 million, on the amount of business tax credits DECD can award under the Urban and Industrial Sites Reinvestment Program without legislative approval. The credits are available for (1) remediating and developing contaminated property anywhere in the state and (2) developing property for a wide range of business uses in distressed municipalities and other specified areas. By law, DECD can grant up to \$100 million in credits per project and up to \$650 million for all projects. Taxpayers must claim the credits over 10 years according to a statutory schedule.

EFFECTIVE DATE: July 1, 2013

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute Change of Reference
Yea 19 Nay 0 (03/14/2013)

Government Administration and Elections Committee

Joint Favorable
Yea 14 Nay 0 (03/27/2013)