



# Senate

General Assembly

**File No. 10**

January Session, 2013

Substitute Senate Bill No. 801

*Senate, February 26, 2013*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT MAKING MANUFACTURING ASSISTANCE ACT FUNDS AVAILABLE FOR THE SMALL BUSINESS EXPRESS PROGRAM.***

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

1 Section 1. Section 32-235 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) For the purposes described in subsection (b) of this section, the  
4 State Bond Commission shall have the power, from time to time to  
5 authorize the issuance of bonds of the state in one or more series and  
6 in principal amounts not exceeding in the aggregate one billion fifteen  
7 million three hundred thousand dollars, provided one hundred forty  
8 million dollars of said authorization shall be effective July 1, 2011, and  
9 twenty million dollars of said authorization shall be made available for  
10 small business development. Two hundred eighty million dollars of  
11 said authorization shall be effective July 1, 2012, and forty million  
12 dollars of said authorization shall be made available for [small  
13 business development] the Small Business Express program

14 established pursuant to section 32-7g, provided the provisions of  
15 sections 32-220 to 32-234, inclusive, shall not apply to said amount, and  
16 not more than twenty million dollars of said authorization may be  
17 made available for businesses that commit to relocating one hundred  
18 or more jobs that are outside of the United States to the state. Any  
19 amount of said authorizations that are made available for small  
20 business development, the Small Business Express program or  
21 businesses that commit to relocating one hundred or more jobs that are  
22 outside of the United States to the state, but are not exhausted for such  
23 purpose by the first day of the fiscal year subsequent to the fiscal year  
24 in which such amount was made available, shall be used for the  
25 purposes described in subsection (b) of this section. For purposes of  
26 this subsection, a "small business" is one employing not more than one  
27 hundred employees.

28 (b) The proceeds of the sale of said bonds, to the extent of the  
29 amount stated in subsection (a) of this section, shall be used by the  
30 Department of Economic and Community Development (1) for the  
31 purposes of sections 32-220 to 32-234, inclusive, including economic  
32 cluster-related programs and activities, and for the Connecticut job  
33 training finance demonstration program pursuant to sections 32-23uu  
34 and 32-23vv, provided (A) three million dollars shall be used by said  
35 department solely for the purposes of section 32-23uu and not more  
36 than five million two hundred fifty thousand dollars of the amount  
37 stated in said subsection (a) may be used by said department for the  
38 purposes of section 31-3u, (B) not less than one million dollars shall be  
39 used for an educational technology grant to the deployment center  
40 program and the nonprofit business consortium deployment center  
41 approved pursuant to section 32-41l, (C) not less than two million  
42 dollars shall be used by said department for the establishment of a  
43 pilot program to make grants to businesses in designated areas of the  
44 state for construction, renovation or improvement of small  
45 manufacturing facilities, provided such grants are matched by the  
46 business, a municipality or another financing entity. The  
47 Commissioner of Economic and Community Development shall  
48 designate areas of the state where manufacturing is a substantial part

49 of the local economy and shall make grants under such pilot program  
50 which are likely to produce a significant economic development  
51 benefit for the designated area, (D) five million dollars may be used by  
52 said department for the manufacturing competitiveness grants  
53 program, (E) one million dollars shall be used by said department for  
54 the purpose of a grant to the Connecticut Center for Advanced  
55 Technology, for the purposes of subdivision (5) of subsection (a) of  
56 section 32-7f, (F) fifty million dollars shall be used by said department  
57 for the purpose of grants to the United States Department of the Navy,  
58 the United States Department of Defense or eligible applicants for  
59 projects related to the enhancement of infrastructure for long-term, on-  
60 going naval operations at the United States Naval Submarine Base-  
61 New London, located in Groton, which will increase the military value  
62 of said base. Such projects shall not be subject to the provisions of  
63 sections 4a-60 and 4a-60a, (G) two million dollars shall be used by said  
64 department for the purpose of a grant to the Connecticut Center for  
65 Advanced Technology, Inc., for manufacturing initiatives, including  
66 aerospace and defense, and (H) four million dollars shall be used by  
67 said department for the purpose of a grant to companies adversely  
68 impacted by the construction at the Quinnipiac Bridge, where such  
69 grant may be used to offset the increase in costs of commercial  
70 overland transportation of goods or materials brought to the port of  
71 New Haven by ship or vessel, [and] (2) for the purposes of the small  
72 business assistance program established pursuant to section 32-9yy,  
73 provided fifteen million dollars shall be deposited in the small  
74 business assistance account established pursuant to said section 32-  
75 9yy, [The provisions of sections 32-220 to 32-234, inclusive, shall not  
76 apply to such funds authorized pursuant to this subdivision] and (3)  
77 for the purposes of the Small Business Express program established  
78 pursuant to section 32-7g, provided twenty million dollars shall be  
79 deposited in the small business express assistance account established  
80 pursuant to section 32-7h. The provisions of sections 32-220 to 32-234,  
81 inclusive, shall not apply to such proceeds authorized pursuant to  
82 subdivision (2) or (3) of this subsection.

83 (c) All provisions of section 3-20, or the exercise of any right or



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.

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** None**Explanation**

The bill has no fiscal impact because it does not authorize additional General Obligation (GO) bonds.

**The Out Years****State Impact:** None**Municipal Impact:** None

**OLR Bill Analysis****sSB 801*****AN ACT MAKING MANUFACTURING ASSISTANCE ACT FUNDS AVAILABLE FOR THE SMALL BUSINESS EXPRESS PROGRAM.*****SUMMARY:**

This bill authorizes an additional \$60 million in general obligation bonds for the Small Business Express Program, increasing its total bond authorization to \$160 million. It does this by tapping portions of the bonds previously authorized for different purposes under the Manufacturing Assistance Act program (MAA). It specifically taps the \$40 million authorized in FY 13 for small business development under MAA and \$20 million of the bonds authorized for general MAA purposes.

The bill requires the Department of Economic and Community Development (DECD) to spend the bond proceeds under Express' rules, not MAA's. Regarding the \$40 million authorized for FY 13, the bill requires DECD, as under current law, to use any fiscal year-end balance for general MAA purposes. Regarding the \$20 million reserved from the bonds authorized for general MAA purposes, the bill requires DECD to deposit the proceeds in Express' account. The bill imposes no deadline by which DECD must use this bond authorization before which it becomes available for general MAA purposes.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****MAA and Express***

MAA and Express differ in several ways. Enacted in 1990, MAA provides grants, loans, loan guarantees, credit extensions, and other types of financing to small and large businesses, nonprofit

corporations, municipalities, and regional planning organizations for a range of projects, including developing facilities, acquiring new machines and equipment, diversifying local and regional economies, and supporting research and development.

The amount of funds available for these projects depends on their location. Generally, projects located in the 17 municipalities with enterprise zones qualify for funding covering up to 90% of project costs, while those located in other municipalities qualify for funding covering up to 50% of the costs. Funding levels are higher when municipalities collaborate on a project.

Created in 2011, Express provides matching grants and deferrable or forgivable loans under a streamlined application process to Connecticut-based businesses with fewer than 100 employees and that meet other criteria. Grant and loan amounts range from \$10,000 to \$300,000. Eligible businesses can use the funds to acquire machinery and equipment, construct facilities or make leasehold improvements, cover moving expenses, or meet working capital needs (CGS § 32-7g).

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Change of Reference  
Yea 19 Nay 0 (02/05/2013)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 45 Nay 0 (02/14/2013)