

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 14-98—sSB 29**

*Finance, Revenue and Bonding Committee*

**AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES, AND CONCERNING MISCELLANEOUS PROGRAMS, INCLUDING THE SMART START PROGRAM, THE WATER IMPROVEMENT SYSTEM PROGRAM, SCHOOL SECURITY GRANTS, THE REGENERATIVE MEDICINE RESEARCH FUND, THE CONNECTICUT MANUFACTURING INNOVATION FUND AND THE BOARD OF REGENTS FOR HIGHER EDUCATION INFRASTRUCTURE ACT**

**SUMMARY:** This act authorizes up to \$933.1 million in new state general obligation (GO) bonds for state capital projects and grant programs, including (1) \$860.5 million in new authorizations for FYs 14 through 24, (2) \$89.7 million in net changes to FY 15 authorizations enacted in 2013, and (3) \$17.2 million in cancellations of authorizations from prior fiscal years. It also authorizes up to \$17.6 million in new special tax obligation (STO) bonds for transportation projects, including (1) \$28.4 million in new authorizations for FY 15 projects and (2) \$10.9 million in net decreases to FY 15 STO authorizations enacted in 2013.

Among other things, the act:

1. (a) authorizes \$103.5 million in new bonding under the Connecticut State University System (CSUS) 2020 infrastructure program (renamed by the act as the Connecticut State Colleges and Universities (CSCU) 2020 program), (b) expands the program to include the regional community-technical colleges and Charter Oak State College, and (c) extends it by one year to FY 19;
2. (a) establishes the Connecticut Manufacturing Innovation Fund, administered by the Department of Economic and Community Development (DECD), to provide financial assistance to targeted disciplines and industries, (b) authorizes up to \$30 million in GO bonds to capitalize the fund, and (c) establishes an 11-member advisory board to oversee its operations;
3. (a) broadens the scope of the existing Stem Cell Research Fund to include regenerative medicine, (b) shifts administrative responsibility for the fund from the Department of Public Health (DPH) to Connecticut Innovations Incorporated (CII), and (c) authorizes up to \$40 million in GO bonds for the fund from FY 16 through FY 19;
4. establishes a new grant program for eligible drinking water projects approved by DPH under its Drinking Water State Revolving Fund (DWSRF) program and authorizes up to \$50 million in GO bonds in FY

OLR PUBLIC ACT SUMMARY

- 15 for the program;
5. authorizes up to \$105 million in GO bonds over FYs 15 through 24 for the newly created Connecticut Smart Start competitive grant program, which provides capital and operating grants to local and regional boards of education establishing or expanding preschool programs;
  6. authorizes \$80 million in new bonds for the Urban Action program for economic and community development projects the Office of Policy and Management (OPM) undertakes and reserves \$10 million of this amount for a grant to develop an intermodal transportation facility in northeastern Connecticut (§ 28);
  7. authorizes the DECD commissioner to waive, for small businesses in the state’s 25 distressed municipalities, the requirement that they provide a match for grants received under the small business express program (§ 43);
  8. increases, from \$650 million to \$800 million, the total amount of business tax credits available under the Urban and Industrial Site Reinvestment Program (§ 44);
  9. authorizes \$100 million in new bonds for the Manufacturing Assistance Act program (§ 45); and
  10. expands the state’s competitive school security grant program to regional education service centers (RESC), state charter schools, technical high schools, endowed academies, and private schools, and authorizes an additional \$22 million in bonds for the program.

EFFECTIVE DATE: July 1, 2014, unless otherwise noted below.

§§ 1-15, 82, & 97 — BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The act authorizes up to \$339.2 million in new GO bonds for FY 15 for the state projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

**Table 1: GO Bond Authorizations for FY 15**

§	AGENCY	FOR	FY 15
<i>State Projects and Programs</i>			
2(a)	Office of Legislative Management	Information technology upgrades, replacements, and improvements; Capitol complex equipment replacement, including updated technology for the Office of State Capitol Police; and renovations, repairs, and minor capital improvements at the Capitol and Old State House	\$4,892,200
		Production and studio equipment for the Connecticut Network	3,230,000

OLR PUBLIC ACT SUMMARY

2(b)	Office of Governmental Accountability	Information technology improvements	1,000,000
2(c)	Office of the State Comptroller (OSC)	Enhancements and upgrades to the CORE financial system for the retirement module	50,000,000
		Enhancements and upgrades to UConn's Core-CT human resources system	7,000,000
2(d)	OPM	Transit-oriented development and predevelopment activities	7,000,000
2(e)	Department of Veterans' Affairs (DVA)	State matching funds for federal grants for renovations and code improvements to existing facilities	1,409,450
		Planning and feasibility study for additional veterans' housing at the Rocky Hill campus, including vacant building demolition	500,000
2(f)	Department of Administrative Services (DAS)	Land acquisition, construction, improvements, repairs, and renovations at fire training schools	15,777,672
		Building acquisition and renovation for Probate Court offices	3,000,000
		Infrastructure improvements, including engineering and construction of an offsite storm water improvement related to the construction of a new courthouse in Torrington	800,000
2(g)	Office of the Healthcare Advocate	Development, acquisition, and implementation of health information technology systems and equipment to support the state innovation model	1,900,000
2(h)	Agricultural Experiment Station	Planning, design, construction, and equipment for additions and renovations to the Valley Laboratory in Windsor	1,000,000
2(i)	Capital Region Development Authority (CRDA)	CRDA's statutory uses and purposes	30,000,000
2(j)	Department of Energy and Environmental Protection (DEEP)	Public, educational, and governmental programming and education account	3,500,000
2(k)	State Library	Creation and maintenance of a statewide platform for the distribution of electronic books to public library patrons	2,200,000
82	State Department of Education (SDE)	Technical high school system: Establish a pilot program to provide expanded educational opportunities, for academic enrichment and trades training for secondary and adult learners, by extending hours at technical high schools in Hamden, Hartford, New Britain, and Waterbury	3,500,000
<b>Grants</b>			
9(a)	OSC	Grant to Connecticut Public Broadcasting Network for transmission, broadcast, production, and information technology equipment	3,300,000
9(b)	Department of Consumer Protection	Grants or reimbursement to municipalities of up to \$1,000 each for the initial installation of a prescription drug drop box	100,000
9(c)	Department of Labor	Subsidized Training and Employment program	10,000,000
9(d), 97	DEEP	Grants or loans to municipalities for (1) acquiring land or public parks or (2) recreational and water quality improvements	20,000,000
		Grant to Mansfield for the Four Corners project's wastewater component	3,000,000
9(e)	DECD	Connecticut Manufacturing Innovation Fund; earmarks \$5 million for a grant to the Connecticut Center for Advanced Technology for research and development of advanced composite materials machining	30,000,000
		Grant to Northeast Connecticut Economic Development Alliance	2,000,000

OLR PUBLIC ACT SUMMARY

		Grants to nonprofit organizations sponsoring cultural and historic sites	10,000,000
		Grants to nonprofit organizations sponsoring children’s museums, aquariums, and science-related programs; earmarks (1) \$10.5 million for a grant to the Connecticut Science Center and (2) \$6.6 million for a grant to the Maritime Aquarium in Norwalk	17,100,000
		Grant to the Hartford Economic Development Corporation for grants and revolving loans to small and minority-owned businesses in urban areas	5,000,000
9(f)	Department of Housing (DOH)	Shoreline Resiliency Fund	25,000,000
9(g)	Department of Transportation (DOT)	Grants to municipalities for the Town-Aid-Road program (see § 95)	60,000,000
9(h)	Department of Social Services	Grant to Oak Hill for acquiring Camp Hemlocks or related capital improvements	1,000,000
9(i)	Department of Rehabilitation Services	Grants for home modifications and assistance technology devices related to aging in place	6,000,000
9(j)	SDE	Grants for alterations, repairs, improvements, technology, equipment, and capital start-up costs to expand the availability of high-quality school models and assist in implementing common core state standards and assessments, in accordance with procedures the SDE commissioner establishes	10,000,000

§§ 16-21 — TRANSPORTATION PROJECTS

The act authorizes up to \$28.4 million in new STO bonds in FY 15 for the following transportation projects in DOT’s Bureau of Engineering and Highways Operations:

1. \$10,000,000 for developing a comprehensive asset management plan in accordance with federal requirements,
2. \$5,400,000 for highway and bridge renewal equipment,
3. \$10,000,000 for the local bridge program, and
4. \$3,000,000 to reconfigure an existing off ramp on the Merritt Parkway in Westport.

§§ 22-23, 32-35, 40, & 88 — REGENERATIVE MEDICINE RESEARCH FUND

The act broadens the scope of the existing Stem Cell Research Fund to include regenerative medicine and renames the fund the Regenerative Medicine Research Fund to reflect this new scope. It defines “regenerative medicine” as the process for creating living, functional tissue to repair or replace tissues or organ function lost due to aging, disease, damage, or congenital defects. Regenerative medicine includes basic stem cell research.

The act shifts the administrative responsibility for the fund from DPH to CII. CII is the state’s quasi-public economic development agency that, among other things, invests venture capital in new and established businesses developing new technologies. It allows CII to use up to 4% of the fund’s FY 15 funding to pay or reimburse its administrative costs. The act also authorizes CII to enter into agreements with other entities, including other states and countries, to increase

OLR PUBLIC ACT SUMMARY

research collaboration opportunities for grant recipients. It makes many technical changes conforming to the fund’s broadened scope and modified administrative structure.

The act (1) authorizes up to \$40 million in new GO bonds for the fund, \$10 million each year from FYs 16 through 19, and (2) transfers an existing \$10 million bond authorization from DPH to CII for the fund. It also extends, from FY 15 to FY 19, the requirement that at least \$10 million be available each year from the fund for the grants.

EFFECTIVE DATE: October 1, 2014, except for the (1) provision authorizing new bonds for the fund, which is effective July 1, 2015, and (2) provisions concerning CII’s administrative costs and transferring an existing bond authorization, which are effective July 1, 2014.

*Regenerative Medicine Research Advisory Committee*

*Purpose.* Under prior law, the Stem Cell Research Advisory Committee reviewed and recommended stem-cell research grants from the fund and performed related duties, including developing grant applications and requiring eligible institutions seeking research grants to describe themselves, their plans for stem cell research, and the possible financial benefits to the state resulting from their research.

The act renames the committee the Regenerative Medicine Advisory Committee and requires it to perform these duties with respect to regenerative medicine. It also requires the committee to direct CII’s chief executive officer (CEO), instead of the DPH commissioner, on awarding grants, which she must do after considering the recommendations of the peer review committee described below.

*Composition.* The act retains the advisory committee’s existing structure, but changes its composition to reflect its broader scope. It (1) keeps the DPH commissioner (or her designee) on the committee but removes her as chairperson and (2) adds CII’s CEO (or her designee) to the committee, increasing its membership from 17 to 18, and making the CEO or her designee its chairperson.

The act retains the existing appointing authorities but changes the qualifications of the members they must appoint to reflect the inclusion of regenerative medicine research, as shown in Table 2.

**Table 2: Regenerative Medicine Research Advisory Committee Composition**

<b><i>Appointing Authority (number of appointees)</i></b>	<b><i>Qualifications under Prior Law</i></b>	<b><i>Qualifications under the Act</i></b>
Governor (four)	Two nationally recognized active investigators in stem cell research  One with background and experience in bioethics  One with background and experience in ethics	One with background and experience in stem cell or regenerative medicine research  Three with background and experience in business or financial investments
Senate president pro	Background and experience in	Background and experience in

OLR PUBLIC ACT SUMMARY

tempore and House speaker (two each)	private sector stem cell research and development (R&D)	regenerative medicine R&D
House and Senate majority leaders (two each)	Academic researchers specializing in stem cell research	Academic researchers specializing in regenerative medicine research
Senate minority leader (two)	Background and experience in private- or public-sector stem cell R&D or related research fields	Background and experience in private- or public-sector regenerative medicine R&D or related research fields
House minority leader (two)	Background or experience in business or financial investments	One with background and experience in bioethics  One with background or experience in business, law, or ethics

*Duties.* The act realigns the committee’s duties to encompass regenerative medicine research, adds a new requirement, and makes conforming technical changes. It requires the committee to prepare a comprehensive strategic plan for the research fund and grant awards. At a minimum, the plan must identify methods or strategies to achieve the fund’s economic development objectives, build capacity for innovation, and sustain the money invested in the fund. The act does not establish a deadline for completing the plan.

*CII Support.* Under prior law, CII had to assist the committee in (1) developing and reviewing grant applications, (2) preparing and executing funding agreements, and (3) performing other administrative duties. The act instead requires CII to perform these tasks in consultation with the committee. (Existing law, unchanged by the act, requires the committee to develop the grant application itself.)

CII must also, in consultation with the committee, review the committee’s recommendations and develop performance metrics and data collection systems. Specifically, CII must collect data from grant recipients on their employment statistics; business accomplishments and outcomes; peer-reviewed articles and published papers; partnerships and collaborations with other entities; licenses, patents, and invention disclosures; intellectual property developed with the grant that was put to commercial use; and research funds from other sources.

*Regenerative Medicine Research Peer Review Committee*

*Purpose.* The act renames the Stem Cell Research Peer Review Committee the Regenerative Medicine Research Peer Review Committee, changing its composition and purpose to reflect the inclusion of regenerative medicine research.

*Composition.* The act changes the qualifications and appointing authority of the committee members, also reflecting its emphasis on regenerative medicine research. Beginning October 1, 2014, it shifts, from the DPH commissioner to the CII CEO, authority to appoint the committee’s five members and eliminates the commissioner’s authority to appoint up to 10 additional members to review grant applications. But members previously appointed by the DPH commissioner may continue serving on the committee until their terms expire.

The CII appointees must (1) have demonstrated knowledge and understanding

## OLR PUBLIC ACT SUMMARY

of the ethical and medical implications of regenerative medicine research or related research fields, (2) have practical research experience in these research areas, and (3) work to advance regenerative medicine research. Under prior law, the DPH appointees had to meet these criteria with respect to stem cell research. The appointees serve four-year terms, except for the first three, whose initial terms are for two years. Like the DPH appointees, these appointees cannot serve more than two consecutive four-year terms nor concurrently serve on the Regenerative Medicine Advisory Committee. The law's existing requirements regarding attendance, ethics, and conflicts of interest also apply to them.

*Duties.* By law, the peer review committee considers grant applications and makes recommendations about their ethical and scientific merit. Under the act, the committee must make these recommendations to the advisory committee alone, rather than to both the committee and the DPH commissioner.

The act extends to the reconstituted committee the requirement that its members make themselves aware of the National Academies' Guidelines for Human Embryonic Stem Cell Research and use them to evaluate each grant application. But it eliminates a requirement that the committee make recommendations to the advisory committee and the DPH commissioner about adopting any or all of these guidelines in regulations.

*Compensation.* The act changes the funding source for compensating committee members for their reviews. Under prior law, the funds came from the Stem Cell Research Fund, and the compensation rate was determined by the DPH commissioner in consultation with DAS and OPM. Under the act, CII compensates the members with its funds at a rate its board of directors sets.

### §§ 24 & 25 — SMART START COMPETITIVE GRANT PROGRAM FUNDING

PA 14-41 requires the Office of Early Childhood (OEC), in consultation with SDE, to design and administer the Connecticut Smart Start competitive grant program. The program, which runs from FYs 15 through 24, provides capital and operating grants to local and regional boards of education establishing or expanding preschool programs.

The act authorizes up to \$105 million in GO bonds over FYs 15 through 24 for the program: \$15 million for FY 15 and \$10 million for each of FYs 16 through 24. It establishes the smart start competitive grant account, a separate, nonlapsing General Fund account, to fund the grant program and directs the bond proceeds to the account.

EFFECTIVE DATE: Upon passage for the provision creating the account and July 1, 2014 for the bond authorizations.

### § 26 — TORRINGTON COURTHOUSE

The act authorizes up to \$8,817,000 in new GO bonds for the Judicial Branch in FY 14 to develop a courthouse in Torrington, including land acquisition and parking.

EFFECTIVE DATE: Upon passage

## OLR PUBLIC ACT SUMMARY

### § 27 — NEW MARKETS TAX CREDITS

The act allows bond-funded grants to pass to proposed grant recipients through certain entities eligible for federal New Markets tax credits.

Under the act, if the bond commission and the state treasurer approve, bond proceeds for a proposed grant project may be paid directly to a federally certified “qualified community development entity” (CDE) or to a business that invests exclusively in such an entity (see BACKGROUND), rather than to the grant recipient itself. Grants can be paid in this way only if (1) the proposed grant recipient requests it and (2) substantially all of the grant proceeds are available to the proposed recipient to fund the authorized project.

Under federal law, the U.S. Treasury allocates a share of the annual aggregate New Markets tax credits to qualified CDEs. They in turn make the credits available to private entities that invest in business projects in low-income areas. The credits equal 39% of the qualified investments, taken over seven years.

EFFECTIVE DATE: Upon passage

### §§ 29, 41-42, & 98 — STATUTORY BOND-FUNDED PROGRAMS AND GRANTS

#### *§ 29 — UConn 2000 Projects Financed with University Resources*

By law, the UConn 2000 infrastructure program caps the amount of bonds UConn may issue each year that are secured by a state debt service commitment (CGS § 10a-109g). The act specifies that projects secured by other revenue sources (i.e., university fee revenue) are not subject to these annual bond caps.

EFFECTIVE DATE: Upon passage

#### *§§ 41 & 42 — DEEP and DESPP Buy-Out Program for Storm-Damaged Properties*

Prior law authorized \$4 million in bonds for DEEP and the Department of Emergency Services and Public Protection (DESPP) (\$2 million each) to implement a buy-out program that provides grants to homeowners and businesses that receive Federal Emergency Management Agency funds for flood hazard mitigation or property damage due to storms in 2011 and subsequent years. The act transfers \$1 million of DEEP’s bond authorization to DESPP, thus increasing DESPP’s authorization for the program from \$2 million to \$3 million.

#### *§ 98 — Commercial Rail Freight Line Competitive Grants*

The act authorizes \$10 million in new bonds for DOT’s commercial rail freight line competitive grant program. It also expands the range of eligible projects for which the DOT commissioner must give preference to include those (1) furthering DOT’s Connecticut State Rail Plan goals and objectives and (2) increasing the capacity of the state’s freight rail infrastructure.

### §§ 30, 60-72, 75-81, 83-87, 89-96, & 99 — BOND CANCELLATIONS AND CHANGES TO EXISTING AUTHORIZATIONS

OLR PUBLIC ACT SUMMARY

§§ 30, 61, 63-65, 69, & 71 — Cancellations

The act cancels all or part of bond authorizations for certain projects and grants from prior fiscal years, as shown in Table 3.

Table 3: Bond Cancellations

§	Agency	For	Prior Authorization	Amount Cancelled
30	UConn	Developing a technology park and related buildings at the university, including planning, design, construction and improvements; land acquisition; purchase of equipment; on-site and off-site utilities; and infrastructure improvements	\$172,500,000	\$3,000,000
61	Judicial Department	Hartford Juvenile Matters and Detention Center: renovation and expansion of courtrooms	7,000,000	4,817,000
63	Community College System (Northwestern Community College)	Nursing and allied health program infrastructure development and improvements	340,000	340,000
64	Judicial Department	Alterations and improvements to existing facilities relating to change in age jurisdiction	4,000,000	4,000,000
65	Connecticut State University System (all universities)	Land and property acquisitions	100,000	5,490
71	Community College System (all colleges)	Facilities alterations and improvements, including fire safety, energy conservation, code compliance, and property acquisition	5,000,000	5,000,000

EFFECTIVE DATE: July 1, 2014, except for the Judicial Branch cancellations, which are effective upon passage.

§§ 62 & 68 — Supertotal Changes

The act adjusts bond supertotals in PA 07-7 and PA 11-57 that correspond to FY 08 and FY 12 bond authorizations, respectively, to align them with the specific bond authorizations that make up those totals.

§ 66 — Restored Bond Authorizations

The act restores the following DAS bond authorizations, repealed by PA 13-

## OLR PUBLIC ACT SUMMARY

239 (§ 116):

1. \$4,100,000 for developing and implementing the Connecticut Education Network,
2. \$2,165,000 for planning and designing an alternate state data center, and
3. \$4,180,847 for developing and implementing information technology systems to comply with the Health Insurance Portability and Accountability Act.

EFFECTIVE DATE: Upon passage

### *§§ 67, 72, 75, & 91 — Bond Authorizations Transferred to OEC*

The act transfers the following existing bond authorizations for SDE to OEC:

1. \$1,500,000 for grants for minor capital improvements and wiring for technology for school readiness programs and
2. \$36,500,000 for grants for improvements and minor capital repairs to facilities housing school readiness programs and state-funded day care centers.

It also expands the entities to which OEC may award the grants for school readiness programs and state-funded day care centers. Under prior law, the grants were for municipalities and certain nonprofit organizations operating such programs and centers. The act instead directs the grants to sponsors of such programs and centers.

### *§ 70 — DAS Improvements to State Office Building and Parking*

The act limits the purposes for which DAS may use an existing authorization of up to \$24 million for improvements to the State Office Building and associated parking facilities in Hartford. Specifically, it eliminates planning, design, development, and demolition work related to the improvements as permissible uses of the funds.

### *§§ 76 & 92 — Exemption from Grant Repayment Requirements*

The act exempts private nonprofit health and human service organizations from the standard repayment provision for grants made from GO bond proceeds. The exemption includes certain grants to such entities for alterations, renovations, improvements, additions, and new construction, including (1) health, safety, Americans with Disabilities Act (ADA) compliance, and energy conservation improvements; (2) information technology systems; (3) technology for independence; and (4) vehicle purchases.

OPM awards the grants under PA 13-239, which authorized \$20 million for the program for FYs 14 and 15.

### *§§ 77-81, 83-87, 89-90, 93-96, & 99 — Changes to FY 15 Bond Authorizations*

The act changes certain FY 15 GO and STO bond authorizations enacted in 2013 (PA 13-239 and PA 13-268), as listed in Tables 4 and 5.

**Table 4: Changes to FY 15 GO Bond Authorizations Enacted in 2013**

OLR PUBLIC ACT SUMMARY

§	Agency	For	Auth. for FY 15	Change	Total Auth. For FY 15
78	OPM	Information technology capital investment program	\$25,000,000	\$25,000,000	\$50,000,000
79	DVA	Alterations, renovations, and improvements to buildings and grounds	750,000	300,000	1,050,000
80	DESPP	Alterations and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation	5,000,000	3,000,000	8,000,000
81	DEEP	Recreation and Natural Heritage Trust Program: recreation, open space, and resource management	10,000,000	(2,000,000)	8,000,000
83	Board of Regents for Higher Education (All community colleges)	New and replacement instruction, research, or laboratory equipment	5,000,000	(5,000,000)	0
		System technology initiative	5,000,000	(5,000,000)	0
		Alterations, renovations, and improvements to facilities, including fire, safety, energy conservation, code compliance, and property acquisition	5,000,000	(5,000,000)	0
84, 85	DOH	Housing development and rehabilitation, including improvements to various kinds of state-assisted affordable housing  <b>New:</b> The act (1) eliminates a \$30 million limit for revitalizing moderate rental housing units in the Connecticut Housing Finance Authority's state housing portfolio, allowing DOH to use any portion of the bond funds for such purposes and (2) earmarks \$20 million to promote homeownership through new home construction or home conversion in Bridgeport, Hartford, New Britain, New Haven, New London, Norwalk, and Stamford.	70,000,000	20,000,000	90,000,000
87	OPM	Grants to private, nonprofit, tax-exempt health and human service organizations for alterations, renovations, improvements, additions, and new construction, including (1) health, safety, ADA compliance, and energy conservation improvements; (2) information technology systems; (3) technology for independence; and (4) vehicle purchases  <b>New:</b> The act (1) restricts the grants to nonprofits that receive state funds to provide direct health or human services to state agency clients, (2) allows the grants to be used for property acquisition, and (3) allows OPM to allocate \$20 million of the total authorization to FY 14 project applications	20,000,000	30,000,000	50,000,000
89	DOT	Grants for port and marina improvements, including dredging and navigational direction	5,000,000	20,000,000	25,000,000
90	SDE	Grants for <i>Sheff</i> magnet school program start-up costs: Purchasing a building or portable classrooms, leasing space, and purchasing equipment, including computers and classroom furniture  <b>New:</b> The act specifies that the funds are to	7,500,000	9,900,000	17,400,000

OLR PUBLIC ACT SUMMARY

		assist the state in meeting the goals of the current, rather than 2008, <i>Sheff v. O'Neill</i> stipulation and order.			
99	DECD	Grants (\$500,000 each) to (1) the Metropolitan Economic Development Commission to create elderly housing, (2) the John E. Rogers African American Cultural Center to convert the former Northwest-Jones School to a cultural center, and (3) Catholic Charities of Hartford to create affordable housing with supportive services	1,500,000	(1,500,000)	0

**Table 5: Changes to FY 15 STO Bond Authorizations Enacted in 2013**

§	Authorized Program Areas	For	Auth. for FY 15	Change	Total Auth. For FY 15
94	Bureau of Engineering and Highway Operations	Environmental compliance, soil and groundwater remediation, hazardous materials abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	\$13,990,000	\$6,700,000	\$20,690,000
95	Bureau of Engineering and Highway Operations	Town-Aid-Road program	60,000,000	(60,000,000)	0 (authorized as GO bonds in § 9(g))
96	Bureau of Public Transportation	Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects  <b>New:</b> The act expands the authorization's purposes to include signage, traffic lights, and other equipment enabling Flower Street in Hartford to remain open to vehicular traffic for at least 20 hours per day (see § 31)	143,000,000	42,450,000	185,450,000

§ 31 — HARTFORD-NEW BRITAIN BUSWAY

The act requires the DOT commissioner, in implementing the Hartford-New Britain busway, to ensure that all Hartford streets intersecting with the busway are equipped with sufficient signage, gates, traffic lights, and other equipment in order to (1) keep such streets open to vehicles and pedestrians for at least 20 hours per day and (2) allow trains to safely cross the streets at any time.

§§ 36-39 — CONNECTICUT BIOSCIENCE INNOVATION FUND

The act requires the Bioscience Advisory Committee's 13 members to adhere to the Code of Ethics for public officials. The code includes, among other things, limits on accepting gifts and outside employment and prohibits certain actions if they constitute a conflict of interest.

The committee oversees the Connecticut Bioscience Innovation Fund, which

## OLR PUBLIC ACT SUMMARY

finances projects to improve the health care delivery system, lower health care costs, and create bioscience jobs. CII manages the fund, and under prior law, could use it to cover the administrative costs of providing this service. The act eliminates this authority, requiring CII to absorb these costs with its own funds.

EFFECTIVE DATE: October 1, 2014

### § 46 — PUBLIC WATER SYSTEM IMPROVEMENT PROGRAM

The act establishes a new grant program for eligible drinking water projects approved for loans by DPH under the Drinking Water State Revolving Fund (DWSRF) program (see BACKGROUND) and authorizes up to \$50 million in GO bonds in FY 15 for the program. The act allows DPH to award the grants to forgive the principal on DWSRF loans. The grants are limited to (1) 50% of eligible project costs for systems serving up to 10,000 people and (2) 30% of eligible project costs for systems serving more than 10,000 people.

#### *Eligible Projects*

The grants are awarded to eligible public water systems for eligible drinking water projects entering into a project funding agreement with DPH on or after July 1, 2014 under the DWSRF program. The act defines “eligible public water systems” as (1) water companies (private or municipal) that serve at least 25 people or 15 year-round service connections and (2) nonprofit noncommunity water systems (i.e., facilities served by their own water supply), excluding public water systems that are public service companies. Under the act, eligible public water systems that are for-profit companies may not receive additional financial assistance under the grant program. By law, “eligible drinking water projects” are those to plan, design, develop, construct, repair, extend, improve, remodel, alter, rehabilitate, reconstruct, or acquire all or part of a public water system.

#### *Program Guidelines*

The act extends to the new grant program the same requirements that apply under existing law to the DWSRF program, including those concerning (1) eligible public water systems and project costs and (2) application, approval, and award procedures. These procedures generally require DPH to award financial assistance to eligible drinking water projects (1) based on a priority list for funding it establishes and maintains and (2) pursuant to a project funding agreement between the state, through the DPH commissioner, and the recipient.

The act specifically requires DPH to comply with the allocation goal for small eligible public water systems in making the grant awards. The goal, established under the federal Safe Drinking Water Act, requires it to allocate at least 15% of available funding to small systems serving up to 10,000 people, but only to the extent that there are a sufficient number of eligible project applications to do so.

The act also requires applicants to submit a fiscal and asset management plan, along with the DWSRF application, when applying for the grants.

### §§ 47-49 — CONNECTICUT MANUFACTURING INNOVATION FUND

## OLR PUBLIC ACT SUMMARY

The act establishes the Connecticut Manufacturing Innovation Fund, administered by DECD, to provide financial assistance to targeted disciplines and industries that are likely to improve or develop commercial products, make businesses more competitive, and create jobs. Businesses, nonprofits, and other organizations may apply for the assistance, which can be in the form of grants, loans, equity, or vouchers and must help develop manufacturing equipment, educate and train workers, or support research, among other things. The fund must give priority to companies and organizations located in certain economic development areas.

The act creates an 11-member Manufacturing Innovation Advisory Board to, among other things, (1) create an application and approval process for financial assistance and (2) approve fund expenditures, budgets, and reports.

The act capitalizes the fund by authorizing up to \$30 million in state GO bonds for it (see § 9(e)).

EFFECTIVE DATE: Upon passage

### *Fund Assets*

The act establishes the fund as dedicated, nonlapsing, and separate from the General Fund. The fund must contain (1) money the law requires or permits to be deposited in it; (2) repayments of vouchers from the fund (see below); (3) private contributions, donations, gifts, grants, bequests, or devises received; and (4) any local, state, or federal funds received. The treasurer must invest the money held by the fund, and not obligated for financial assistance, as she sees fit, including in banks, investment funds, and state and federal bonds, among other investments. Investment earnings on the fund's assets become part of the fund.

### *Use of Fund*

Any money held in the fund must be used to provide financial assistance to approved eligible recipients or reimburse DECD for its administrative costs.

Under the act, an "eligible recipient" for financial assistance is (1) an aerospace, medical device, or other company or nonprofit organization specializing in or providing technologically advanced commercial products or services; (2) an entity desiring to leverage federal grant funds to support manufacturing advancement; or (3) a state- or federally certified education or training program designed to meet future workforce needs.

The fund's financial assistance can be in the form of grants, credit extensions, loans, loan guarantees, equity investments, or other forms of financing. It must be used for:

1. further developing or modernizing manufacturing equipment,
2. supporting manufacturing advancements,
3. supporting advanced manufacturing research and development,
4. supporting expansion and training by eligible recipients,
5. attracting new manufacturers to the state,
6. supporting education and training programs that help meet future workforce needs,
7. matching or leveraging federal funds to help Connecticut universities and

- nonprofit organizations increase research efforts, and
8. funding a voucher program for technical assistance (see below).

Financial assistance recipients must use funds for costs related to facilities, necessary furniture, fixtures and equipment, tooling development and manufacture, materials and supplies, proof of concept or relevance, research and development, compensation, apprenticeships, or other costs that the advisory board deems eligible.

*Voucher Program.* The act allows the advisory board to establish a voucher program to help recipients access technical experts at universities, nonprofits, and other organizations that can provide specialized expertise to help solve engineering, marketing, and other challenges. DECD may adopt regulations to implement the program.

*Targeted Disciplines and Priority Consideration.* Any financial assistance awarded from the fund must target the aerospace, medical device, composite materials, digital manufacturing, and other technologically advanced commercial products and services' supply chains and related disciplines. These supply chains and related disciplines must also (1) be likely to improve or develop commercial products that advance the state of technology and the recipient's competitive position and (2) promise to directly or indirectly grow jobs in the state in related fields.

DECD, in consultation with the advisory board, must give priority to proposals from any company that is located in or plans to relocate to (1) a distressed municipality, (2) a targeted investment community, (3) a public investment community, (4) an enterprise zone, or (5) a manufacturing innovation district. The act allows DECD to establish, in consultation with the advisory board, "manufacturing innovation districts" in order to promote the department's economic development priorities. It does not specify the number or size of districts that may be established, nor does it provide criteria for selecting them.

#### *Manufacturing Innovation Advisory Board*

*Composition.* The act creates an 11-member advisory board to oversee the fund. The board consists of 10 appointed members and the DECD commissioner, or her designee, as chairperson. The governor must appoint four members, and the six legislative leaders must each appoint one. Each board member serves a term coterminous with his or her appointing authority and holds his or her position on the board until a successor is appointed. Any vacancy that occurs, other than by the expiration of a term, must be filled in the same way as the original appointment for the remainder of the term. All initial appointments to the advisory board must be made by July 1, 2014.

*Qualifications.* Each appointee must:

1. have skill, knowledge, and experience in industries and science related to aerospace, medical devices, digital manufacturing, digital communication, or advanced manufacturing;
2. be a university faculty member, or hold a graduate degree, in a related discipline;
3. have manufacturing education and training expertise; or

## OLR PUBLIC ACT SUMMARY

4. represent manufacturing-related business or professional organizations.

*Meetings.* The chairperson must call the first meeting by September 30, 2014 and future meetings as he or she deems necessary. A majority of members constitutes a quorum for exercising the board's powers, and the board may act by majority vote at any meeting at which a quorum is present.

*Compensation and Conflicts of Interest.* The act prohibits paying advisory board members for their service but allows reimbursement for actual and necessary expenses incurred in performing their duties. The act specifies that, regardless of law, it is not a conflict of interest for a trustee, director, partner, officer, manager, shareholder, proprietor, counsel, or employee of an eligible recipient, or an individual with a financial interest in an eligible recipient, to serve as a member of the advisory board, provided he or she abstains from acting, deliberating, or voting on any matter concerning the eligible recipient.

*Application and Approval Process.* The act requires the advisory board to establish an application and approval process with guidelines and terms for financial assistance awarded from the fund. These guidelines and terms must:

1. require any applicant for financial assistance to operate, in whole or in part, in the state or propose to relocate to the state in whole or in part;
2. limit the amount of financial assistance that can be awarded in the form of loans or grants;
3. include eligibility requirements for loans and grants, including a requirement to match state funds with funds from nonstate sources;
4. create a preliminary review process to be carried out by DECD before presenting proposals to the board;
5. include return on investment objectives, such as job growth and leveraged investment opportunities; and
6. include any other guidelines the advisory board determines to be necessary and appropriate.

*Fund Expenditures.* With one exception, the act requires the advisory board to approve all of the fund's expenditures. The act appears to exempt expenditures made to DECD to cover its administrative costs, but it contains an incorrect statutory reference regarding those reimbursements.

It requires the board to approve expenditures for: (1) specific purposes; (2) budgeted amounts, with variations the board authorizes when it approves the budget; and (3) financial assistance to eligible recipients, subject to any limits, eligibility requirements, or conditions the board may impose. However, it may delegate to DECD staff the authority to approve transactions of up to \$100,000.

### *DECD's Fund Administration Duties*

The act requires DECD to provide necessary staff, space, office systems, and administrative support to operate the fund. In administering the fund, it may exercise all of its statutory powers, so long as fund expenditures are properly approved, as described above.

Beginning July 1, 2015, DECD must prepare, for each fiscal year, an annual operating plan and operating and capital budget for the fund. It must submit these documents to the advisory board for review and approval at least 90 days before

OLR PUBLIC ACT SUMMARY

the start of each fiscal year.

Under the act, the fund must pay for or reimburse DECD’s administrative costs. These costs include peer reviews, professional fees, allocated staff costs, and other out-of-pocket costs DECD attributes to operating and administering the fund. The act limits the total reimbursement for these costs to 5% of the fund’s total annual allotment, as specified in the operating budget.

*Reporting Requirement*

The act requires DECD to submit a report on the fund’s activities annually, beginning January 1, 2016, to the advisory board for approval. After approving the report, the advisory board must submit it to the Commerce Committee. The report must contain information on the status and progress of the fund’s operations and funding, financial assistance awarded, and any returns on investment (e.g., principal or interest payments and returns on equity investments).

§§ 50-57 — CONNECTICUT STATE COLLEGES AND UNIVERSITIES (CSCU) 2020 PROGRAM

*CSCU 2020*

The act authorizes \$103.5 million in new bonding under the CSCU 2020 program. It adds new projects; replaces others; and adds, decreases, or cancels existing authorizations, as shown in Table 6. The table also indicates to which phase of the program the changes apply: Phase I (FY 09-FY 11), Phase II (FY 12-FY 14), and Phase III (FY 15-FY 18; extended by the act to FY 19). The act makes no net changes to phases I and II; it increases Phase III authorizations by \$103.5 million.

**Table 6: CSCU 2020 Project Authorizations**

<i>Project</i>	<i>Phase</i>	<i>Prior Authorization</i>	<i>New Authorization</i>	<i>Change</i>
<b>Central</b>				
Code Compliance/Infrastructure Improvements	I	\$18,146,445	\$16,418,636	(\$1,727,809)
	II	6,704,000	6,894,000	190,000
	III	5,000,000	0	(5,000,000)
New Classroom Office Building	I	33,978,000	29,478,000	(4,500,000)
East Campus Infrastructure Development (replaced by act with Renovate Barnard Hall)	I	13,244,000	3,680,000	(9,564,000)
	III	0	18,320,000	18,320,000
Burritt Library Expansion (design/construction)(replaced by act with New Engineering Building(design/construction and equipment))	I	0	9,900,000	9,900,000
	III	96,262,000	52,800,000	(43,462,000)
Burritt Library Renovation (design)(expanded by act to include addition and equipment)	III	11,387,000	16,500,000	5,113,000
Renovate Kaiser Hall and Annex (new)	I	0	6,491,809	6,491,809

OLR PUBLIC ACT SUMMARY

	II	0	210,000	210,000
	III	0	18,684,000	18,684,000
<b>Eastern</b>				
Code Compliance/ Infrastructure Improvements	I	8,255,113	8,938,849	683,736
	III	5,000,000	0	(5,000,000)
Outdoor Track-Phase II	I	1,816,000	1,506,396	(309,604)
New Warehouse	I	2,269,000	1,894,868	(374,132)
<b>Southern</b>				
Code Compliance/ Infrastructure Improvements	III	5,000,000	0	(5,000,000)
<b>Western</b>				
Code Compliance/ Infrastructure Improvements	III	7,212,000	0	(7,212,000)
<b>Board of Regents (BOR) (formerly CSUS System Office)</b>				
New and Replacement Equipment (act adds Smart Classroom Technology and Technology Upgrades)	III	31,844,000	61,844,000	30,000,000
Land and Property Acquisition	I	4,250,190	3,650,190	(600,000)
	II	3,000,000	2,600,000	(400,000)
Deferred Maintenance/Code Compliance Infrastructure Improvements	III	0	48,557,000	48,557,000
Strategic Master Plan of Academic Programs (new)	III	0	3,000,000	3,000,000
Consolidation and Upgrade of Student System and Financial Information Technology Systems (new)	III	0	20,000,000	20,000,000
Advanced Manufacturing Center at Asnuntuck Community College (new)	III	0	25,500,000	25,500,000
<b>TOTAL CHANGE</b>				<b>\$103,500,000</b>

The act reduces authorizations for the four state universities by an aggregate total of \$22.557 million and increases BOR authorizations by \$126.057 million, as shown in Table 7.

**Table 7: Authorization Changes**

<b>Entity</b>	<b>Net Change</b>
Central	(\$5,345,000)
Eastern	(5,000,000)
Southern	(5,000,000)
Western	(7,212,000)
BOR (formerly CSUS System Office)	126,057,000
<b>Total</b>	<b>\$103,500,000</b>

*Annual Bond Limits*

To conform to the increased bond authorizations, the act (1) adjusts the annual bond limits for the CSCU 2020 program in FYs 15 and 16, (2) cancels the FY 10 authorization, and (3) extends the program to FY 19 (see Table 8). The FY 10 change is attributable to that year's allocation being disapproved by the governor in 2009.

OLR PUBLIC ACT SUMMARY

**Table 8: Annual Bond Limits**

<b>FY</b>	<b>Prior Limit (Millions)</b>	<b>New Limit (Millions)</b>	<b>Change (Millions)</b>
2009	\$95.0	\$95.0	-
2010	95.0	0	(95.0)
2011	95.0	95.0	-
2012	95.0	95.0	-
2013	95.0	95.0	-
2014	95.0	95.0	-
2015	95.0	175.0	80.0
2016	95.0	118.5	23.5
2017	95.0	95.0	-
2018	95.0	95.0	-
2019	-	95.0	95.0

Under prior law, any difference between the amount actually issued in any year and the cap could be carried forward to the next succeeding fiscal year. The act allows funds to be carried forward to any subsequent fiscal year but specifies that they cannot be carried forward past FY 19. As under existing law, financing transaction costs can be added to the caps.

By law, BOR must annually, by March 1, submit to the governor, state treasurer, and OPM secretary the amount of bonds required for the program for the ensuing fiscal year. The governor has 30 days to approve or disapprove the amount in whole or in part; if he does not act within 30 days of the submission, the whole amount is deemed approved. The act allows BOR, in the event the legislature increases a bond limit that was already approved by the governor, to submit an addendum for the amount of the increased authorization. It must do so within 30 days of the act’s effective date (June 21, 2014 for the increased FY 15 bond limit under the act). The governor has 30 days from BOR’s submission of the addendum to approve or disapprove it in the manner described above.

*Project Revisions*

Under prior law, the following types of revisions in the CSCU 2020 plan required both formal approval by BOR and passage of a public or special act: (1) the addition or deletion of a project or (2) an increase or decrease in the original project cost by 10% or more for projects estimated to cost \$1 million or less, or 5% or more for projects estimated to cost more than \$1 million, unless the change in cost was due solely to changes in material costs. The act eliminates the requirement for a public or special act for revisions that are due to reallocating unspent funds from a completed project.

The act also renames the board’s biennial facilities plan as the facilities and academic plans.

*Reporting Requirements*

By law, BOR must report, biannually to the governor and legislature, specified information on projects under the program (e.g., costs and timeliness). The act additionally requires the board, biannually beginning July 1, 2015, to

## OLR PUBLIC ACT SUMMARY

report to the Finance and Higher Education committees on how it allocated proceeds for each BOR project among each state university and community-technical college.

### *CSCU 2020 Projects*

Under prior law, a program project included, among other things, improvements, reconstruction, replacements, additions, and equipment acquired in connection with any facilities existing on July 1, 2008. The act eliminates the requirement for these facilities to have been in existence on July 1, 2008. It also eliminates a requirement that BOR receive approval from the administrative services commissioner before acquiring or purchasing equipment, furniture, or personal property using funds from bond proceeds.

### §§ 58 & 59 — BONDS FOR LAND PRESERVATION

The act authorizes up to \$2 million in GO bonds for FY 14 and requires DEEP to use the proceeds to purchase and preserve specified properties in Old Saybrook and Westbrook. The properties, commonly referred to as the Preserve, consist of approximately (1) 924 acres in Old Saybrook and (2) four acres in Westbrook. Bond proceeds used for maintaining the land must be deposited in DEEP's Recreation and Natural Heritage Trust Program's stewardship account.

The act allows the DEEP commissioner to enter into contracts with the Trust for Public Land and town of Westbrook to purchase the Old Saybrook and Westbrook properties, respectively. The contracts must include terms and conditions the DEEP commissioner approves to preserve the properties as open space. These terms and conditions may include joint ownership and management by the state as a tenant in common with Old Saybrook, as long as they provide for filing on the land records of deeds, restrictions, easements, or agreements ("documents") requiring the land to be preserved in perpetuity in its natural and open space condition to protect natural resources. Any party to the contract may file the documents on the land records. The documents may be in favor of a nonprofit conservation organization the DEEP commissioner approves.

Under the act, the documents cannot allow recreational uses requiring intensive development (such as golf courses, tennis courts, ball fields, and other recreational uses ineligible for funding under DEEP's Open Space and Watershed Land Acquisition Grant Program), but must allow the (1) public to use the land for permitted recreational uses (e.g., pedestrian trails or pathways) and (2) installation of permanent fixtures consistent with permitted uses. It must allow only those improvements and activities necessary for land and natural resource management.

The act also makes a conforming technical change.

EFFECTIVE DATE: Upon passage

### §§ 73 & 74 — SCHOOL SECURITY INFRASTRUCTURE GRANT PROGRAM

The state's competitive school security grant program reimburses towns for

## OLR PUBLIC ACT SUMMARY

certain expenses they incur in improving their school security infrastructure. DESPP, DAS, and SDE jointly administer the program.

The act expands the program, as described below, and increases its bond authorization by \$22 million, from \$15 million to \$37 million.

EFFECTIVE DATE: Upon passage, except for the bond authorization, which is effective July 1, 2014.

### *Eligible Schools*

The act expands the program to RESCs, state charter schools, technical high schools, endowed academies (i.e., Gilbert School, Norwich Free Academy, and Woodstock Academy), and private schools.

By law, local or regional boards of education can apply to DESPP for funds on behalf of their town or member towns for costs for eligible security improvements incurred on or after January 1, 2013. Decisions to approve or deny applications, and which expenses are eligible for reimbursement, must meet the most recent standards established by the School Safety Infrastructure Council. Beginning in FY 15, the act extends these provisions to the aforementioned schools and requires the RESC, charter school's governing authority, technical high school's superintendent, endowed academy, or nonpublic school's supervisory agent, respectively, to apply for the funds.

### *Eligible Infrastructure*

The act expands the security infrastructure eligible for reimbursement to include real time interoperable communications and multimedia sharing infrastructure. Under existing law, eligible infrastructure also includes the installation of surveillance cameras, penetration resistant vestibules, ballistic glass, solid core doors, double-door access, computer-controlled electronic locks, entry door buzzer systems, scan card systems, panic alarms, and other systems.

### *Grant Amount and Set-Aside*

By law, the grants reimburse school districts for 20% to 80% of the eligible expenses for security measures, based on a scale of town wealth. In addition, under the act:

1. RESCs receive grants according to the same scale, based on the weighted average of the wealth of their member towns;
2. state charter schools receive the same reimbursement percentage their host towns receive;
3. SDE, on behalf of technical high schools, receives grants for 100% of the schools' eligible expenses;
4. endowed academies receive grants according to the same scale as school districts, based on the weighted average of their designating towns' populations (the towns must designate the school as their high school for at least five years in order to be included in the calculation); and
5. private schools receive grants for 50% of their eligible expenses.

The act sets aside 10% of the grant funds available for FY 15 for private schools.

## OLR PUBLIC ACT SUMMARY

### *Grant Priority*

If there is not enough money to reimburse every district for its full percentage, existing law requires the DESPP commissioner, in consultation with the DAS and SDE commissioners, to give first priority to applicants with schools they determine have the greatest need for security infrastructure based on the school security assessments the districts submit. Of the applicants with the greatest security infrastructure need, the commissioners must give first priority to applicants that have no security infrastructure at the time of the assessment and secondary priority to applicants from priority school districts.

The act extends these same requirements to RESCs, state charter schools, endowed academies, technical high schools, and private schools, except that it does not require the determination of private schools' infrastructure needs to be based on the school security assessments.

As under existing law, to receive a grant, an applicant must show that it (1) has conducted a uniform security assessment of its schools and any security infrastructure, (2) has an emergency plan at its schools developed with applicable state and local first responders, and (3) periodically practices the plan. The security assessment must be carried out under the supervision of the district's local law enforcement agency and use the Safe Schools Facilities Check List published by the National Clearinghouse for Educational Facilities.

## BACKGROUND

### *New Markets Tax Credits*

The New Markets tax credit program uses federal income tax credits to attract private capital for business projects in low-income areas. Investors seeking credits must access them through federally certified for-profit CDEs. The credits equal 39% of the invested amount, and investors must claim them over seven years according to a statutory schedule.

CDEs must lend to or invest the funds in business projects or use them for other specified activities. Business projects include mixed residential and commercial real estate developments where the housing units generate no more than 80% of the project's income.

### *CDEs*

CDEs are certified by the U.S. Treasury Department through a competitive application process. A CDE must (1) primarily serve low-income people or provide capital to areas where they live and (2) answer to a board of directors that includes people who live in those areas. Investors can access the New Markets tax credits only by acquiring stock or capital interest in the CDE. The CDE must invest most of the investment proceeds in projects or activities located in low-income communities. For purposes of the credit, federal law defines a low-income area as one where at least 20% of the residents are below the poverty level or earn no more than 80% of the area's median income (26 USC § 45D).

### *DWSRF Program*

## OLR PUBLIC ACT SUMMARY

The DWSRF program provides low-interest loans to eligible public water systems undertaking infrastructure improvement projects, including upgrading or renovating their existing water systems. Projects may receive funding during the planning, design, or construction phase. DPH reviews and ranks eligible projects, based on criteria established by DPH and approved by the federal Environmental Protection Agency, on its project priority list for each fiscal year.

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