

COMMUNITY AND ECONOMIC DEVELOPMENT CLINIC
YALE LAW SCHOOL

TO: Planning & Development Committee, Connecticut General Assembly
FROM: Community and Economic Development Clinic, Yale Law School
DATE: 6 March 2015
RE: Testimony in Favor of SB 677

Chairwoman Osten and Chairman Miller, members of the Planning & Development Committee: My name is Abdi Aidid, a student at Yale Law School and a member of the school's Community and Economic Development Clinic. Along with my colleague Joseph Nawrocki, we have been working with Connecticut Main Street Center and other members of the Coalition for the past few months to research Tax Increment Financing. Specifically, we have been conducting a comparative study of Connecticut's TIF legislation and those found in other jurisdictions, including Wisconsin, Iowa, Maine and Washington, D.C. We sought to determine why TIFs are used more frequently in other jurisdictions than here in Connecticut, and what features these statutes had that made them more conducive to growth and development.

We compiled our results into a 34-page report, which we have submitted to the Committee electronically. Based on our analysis of other jurisdictions, our study identified four factors that make TIFs most conducive to downtown development:

1. That the creation and issuance of TIFs be handled primarily by municipalities;
2. That there be a centralized decision-making procedure, with fewer bureaucratic hurdles;
3. That there be few or no limitations on the types of projects that can be financed through TIFs, and;
4. That the statute allows for the creation of neighborhood-sized TIF districts.

Though Connecticut currently has several TIF statutes on the books, none of them embody these factors as completely as the bill before us. Each of the four existing statutes has flaws that prevent them from effectively financing downtown development.

For instance:

- The "I.T. and Remediation" TIF statute severely limits the types of projects that can be funded through TIF, and requires approval by Connecticut Innovations before projects can be certified.
- The "Significant Economic Projects" TIF statute requires approval not only from Connecticut Innovations, but also from: (1) the President and Minority Leader of the Senate; (2) the Speaker and Minority Leader of the House of Representatives; (3) the Joint Standing Committees of the General Assembly and, finally: (4) from the Department of Economic and Community Development.

- The “Urban Development” and “Municipal Redevelopment” TIF statutes, much like the IT and Remediation TIF statute, both have strict criteria for the types of projects for which they can be used.

By contrast, today’s proposed bill departs from the complexity and restrictions of the current TIF legislation and allows for: (1) increased municipal control; (2) a simplified approval process; (3) a wider range of TIF-eligible projects, and; (4) the creation of broad, neighborhood-sized TIF districts.

At this time, we would be happy to answer any questions the Committee may have.