



# House of Representatives

General Assembly

**File No. 501**

January Session, 2017

House Bill No. 6948

*House of Representatives, April 11, 2017*

The Committee on Planning and Development reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING REGIONAL ECONOMIC DEVELOPMENT.***

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

1 Section 1. Section 32-326 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2017*):

3 It is hereby found and declared that there exists in this state a great  
4 and growing need for additional public and private capital  
5 improvements and acquisitions and project development that will  
6 promote economic diversification, stability and growth; that such  
7 improvements, acquisitions and projects are a particularly effective  
8 investment of state funds because of their relative immobility in an  
9 increasingly global economy; that such improvements, acquisitions  
10 and projects are particularly needed in communities and regions  
11 experiencing significant military, [and] industrial and commercial job  
12 losses and economic dislocation; and that regional cooperation in the  
13 planning and development of such improvements, acquisitions and  
14 projects is desirable and should be encouraged; and therefore, it is  
15 necessary and in the public interest and for the public good that the

16 provisions of sections 32-325 to 32-330, inclusive, are hereby declared a  
17 matter of legislative determination.

18 Sec. 2. Section 32-327 of the general statutes is repealed and the  
19 following is substituted in lieu thereof (*Effective July 1, 2017*):

20 As used in sections 32-325 to 32-330, inclusive, 32-23ww and 32-  
21 23xx:

22 (1) "Act" means the Regional Economic Development Act.

23 (2) "Agency" [means] or "planning region" means any [regional  
24 economic development commission formed under sections 7-136 and  
25 7-137, other regional development commission or corporation formed  
26 under any other provision of the general statutes or any special act,]  
27 economic development district designated pursuant to 42 USC 3171 or  
28 [any] regional council of governments organized under sections 4-124i  
29 to 4-124p, inclusive, [, except that for purposes of financial assistance  
30 for greenways projects, "agency" means a municipality or other  
31 organizations.]

32 (3) "Commissioner" means the Commissioner of Economic and  
33 Community Development.

34 (4) "Eligible project" means (A) a public or private improvement or  
35 acquisition which, [in the sole judgment of the commissioner] as  
36 determined by a comprehensive economic development strategy, will  
37 significantly enhance economic diversification, stability, growth or  
38 scientific knowledge in the region where the project is to be located,  
39 and includes a "business development project" as defined in subsection  
40 (a) of section 32-222, [or greenways projects] or (B) an application for a  
41 grant under section 32-23ww or 32-23xx. [(i) In determining eligibility  
42 with regard to an application submitted for an eligible project under  
43 subparagraph (A) of this subdivision before June 21, 1994, the  
44 commissioner shall also evaluate the project in accordance with a one-  
45 hundred-point scale as follows: Fifteen points based on such criteria as  
46 the commissioner may from time to time establish, fifteen points for

47 projects located in targeted investment communities, up to twenty-five  
48 points for projects in regions where fifty per cent or more of the  
49 member municipalities within any planning region participate and  
50 fifteen points for every two thousand manufacturing jobs that the  
51 region has lost or, in the judgment of the commissioner, is scheduled to  
52 lose between July 1, 1989, and July 1, 1996, up to a total of forty-five  
53 points. (ii) In determining eligibility with regard to an application  
54 submitted for any eligible project under this subdivision on or after  
55 June 21, 1994, the commissioner shall also evaluate the project in  
56 accordance with a one-hundred-point scale as follows: Fifteen points  
57 based on such criteria as the commissioner may from time to time  
58 establish, fifteen points for projects located in targeted investment  
59 communities, up to twenty-five points for projects in regions where  
60 fifty per cent or more of the member municipalities within any  
61 planning region participate and fifteen points for every two thousand  
62 manufacturing jobs that the region has lost or, in the judgment of the  
63 commissioner, is scheduled to lose between July 1, 1989, and July 1,  
64 1996, up to a total of twenty-five points, and ten points if the project  
65 consists of an application for a grant under section 32-23ww or 32-  
66 23xx, up to a total of twenty points.]

67 (5) "Manufacturing jobs" means jobs at a business that is located, in  
68 whole or in part, in Connecticut and that has a North American  
69 Industrial Classification code of 311111 through 339999; a business  
70 engaged in research and development directly related to  
71 manufacturing; a business engaged in the significant servicing,  
72 overhauling or rebuilding of machinery and equipment for industrial  
73 use; an agricultural enterprise engaged in value added agricultural  
74 production, as is consistent with section 22-26k, or agricultural  
75 biotechnology; or any establishment or auxiliary or operating unit  
76 thereof, as defined in the North American Industrial Classification  
77 Manual, which the commissioner determines will materially contribute  
78 to the economy of the state by creating or retaining jobs, exporting  
79 products or services beyond the state's boundaries, encouraging  
80 innovation in products or services, adding value to products or  
81 services, or otherwise supporting or enhancing existing activities that

82 are important to the economy of the state.

83 (6) "Eligible project cost" means the total cost in dollars of an eligible  
84 project.

85 (7) "Financial assistance" means grants, extensions of credit, loans,  
86 other investments, or guarantees of any of the foregoing, or any  
87 combination thereof, or any guaranty of any pool of such loans  
88 determined by the commissioner to be necessary or appropriate to  
89 establish or maintain a secondary market for such loans.

90 (8) "Regional economic development plan" means a [plan prepared  
91 by an agency that identifies, and which may rank, in order of priority,  
92 eligible projects for which the agency intends to apply for financial  
93 assistance under section 32-325, and includes an economic  
94 development plan developed as contemplated by section 32-7]  
95 comprehensive economic development strategy prepared pursuant to  
96 13 CFR 303.7 by an economic development district designated  
97 pursuant to 42 USC 3171 or a regional council of governments  
98 organized under sections 4-124i to 4-124p, inclusive.

99 [(9) "Planning region" means any planning region of the state  
100 recognized by the commissioner and established in connection with  
101 the development of any regional economic development plan.]

102 Sec. 3. Section 32-328 of the general statutes is repealed and the  
103 following is substituted in lieu thereof (*Effective July 1, 2017*):

104 (a) [An agency] A planning region may apply for financial  
105 assistance under this section by submitting one or more projects  
106 identified in a regional economic development plan to the  
107 commissioner, with a request for financial assistance for [one or more  
108 projects identified in the plan] such projects. The commissioner may  
109 also propose eligible projects, in amounts not to exceed one-third of  
110 the funds available under sections 32-325 to 32-330, inclusive, for  
111 financial assistance under this section, after submitting such proposal  
112 to the [agencies within the] planning region in which the project is to

113 be located and consulting with such [agencies] planning region as to  
114 the appropriateness of such project under [any applicable] such  
115 planning region's regional economic development plan.

116 (b) The commissioner may fund not more than ninety per cent of  
117 total project costs [in targeted investment communities, not more than  
118 seventy-five per cent of total project costs in the case of] for a project in  
119 a region that includes a targeted investment community or a federally  
120 distressed community, and not more than sixty-six and two-thirds per  
121 cent of total project costs in the case of a project in a region that does  
122 not include a targeted investment community.

123 [(c) Financial assistance may be provided to municipalities and  
124 other organizations to develop greenways, including, but not limited  
125 to, transportation-related greenways supported by the federal  
126 Transportation Equity Act for the 21st Century, as amended from time  
127 to time. The amount of any grant shall be as follows: (1) For  
128 transportation greenways projects that are part of interstate  
129 greenways, not more than twenty per cent of the project cost; (2) for  
130 transportation greenways projects that are local spurs from interstate  
131 greenways or that are intertown greenways projects, not more than ten  
132 per cent of the project cost; and (3) for greenways that are not  
133 transportation greenways, not more than half of the capital costs of the  
134 project.]

135 [(d)] (c) The total financial assistance under sections 32-325 to 32-  
136 330, inclusive, for any [agency or project] planning region shall not  
137 exceed twenty million dollars of state funds plus any federal funds  
138 that the commissioner or planning region applies to the project.

139 Sec. 4. Subsection (b) of section 23-102 of the general statutes is  
140 repealed and the following is substituted in lieu thereof (*Effective July*  
141 *1, 2017*):

142 (b) The duties of the council shall be: (1) To advise and assist in the  
143 coordination of state agencies, municipalities, regional planning  
144 organizations, as defined in section 4-124i, and private citizens in

145 voluntarily planning and implementing a system of greenways; (2) to  
 146 operate a greenways help center to advise state agencies,  
 147 municipalities, regional planning organizations, as defined in section  
 148 4-124i, and private citizens in the technical aspects of planning,  
 149 designing and implementing greenways, including advice on securing  
 150 state, federal and nongovernmental grants; (3) to establish criteria for  
 151 designation of greenways; (4) to maintain an inventory of greenways  
 152 in the state which shall include the location of greenways  
 153 transportation projects which have received grants under sections 23-  
 154 101, 32-6a [ ] and 32-9qq; [and 32-328;] (5) to advise the Commissioner  
 155 of Economic and Community Development on the distribution of  
 156 grants for greenways transportation projects pursuant to sections 32-6a  
 157 [ ] and 32-9qq; [and 32-328;] and (6) to advise the Commissioner of  
 158 Energy and Environmental Protection on the distribution of grants  
 159 pursuant to section 23-101.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	32-326
Sec. 2	<i>July 1, 2017</i>	32-327
Sec. 3	<i>July 1, 2017</i>	32-328
Sec. 4	<i>July 1, 2017</i>	23-102(b)

**PD**      *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.

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

The bill makes various changes to the regional economic development program which has no fiscal impact. The bill does not authorize General Obligation bonds for this purpose and currently there is no unallocated bond balance for this program.

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

**OLR Bill Analysis****HB 6948*****AN ACT CONCERNING REGIONAL ECONOMIC DEVELOPMENT.*****SUMMARY**

This bill makes various changes to the regional economic development program, a competitive financial assistance program administered by the Department of Economic and Community Development (DECD) for infrastructure projects proposed by regional entities. The legislature has not authorized bonds for the program since 1994.

The bill limits the regional entities that may apply for the funds to federally designated regional economic development districts (REDDs) (presumably the districts' governing organizations) and regional councils of government. Under current law, regional economic development commissions and other regional development entities may also apply. The bill also requires that the eligible infrastructure projects be identified in a comprehensive economic development strategy (CEDs), rather than a regional economic development plan (see BACKGROUND).

The bill also modifies the program's eligibility criteria and grant amounts and makes minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2017

**REGIONAL ECONOMIC DEVELOPMENT PROGRAM*****Eligible Projects***

By law, a project qualifies for the funds under this program if it diversifies, stabilizes, or develops the region's economy or enhances scientific knowledge in the region. Current law requires the DECD commissioner to make this determination using a 100-point scale for



assessing the projects based on specified criteria. The bill instead requires the region's CEDS to make the determination. The bill also makes greenway projects ineligible for the funds.

The bill expands the definition of manufacturing jobs to include jobs in agricultural businesses using value-added agricultural production or agricultural biotechnology. However, this term is used only in the 100-point scale eliminated under the bill.

### ***Grant Amounts***

Under current law, the assistance may fund up to 90% of total project costs in state-designated targeted investment communities (TICs) (i.e., municipalities with enterprise zones) and up to 70% in regions that include a TIC. The bill instead allows the assistance to fund up to 90% of total costs in regions that include a TIC or a federally distressed community (presumably under the U.S. Economic Development Administration's (EDA) economic distress criteria). As under existing law, the assistance may fund up to 66.67% of projects in regions that do not include a TIC.

### ***Legislative Purpose***

The bill amends the statement of legislative purpose for the law to include the need for infrastructure investments in communities and regions experiencing significant military, industrial, and commercial job losses and economic dislocation, rather than just communities experiencing significant military and industrial job losses.

## **BACKGROUND**

### ***REDDs and CEDS***

Federal law allows entities to propose REDDs for federal EDA approval, plan and implement a CEDS to develop them, and qualify for certain types of federal economic development assistance. It specifies the criteria the EDA must use to approve a proposed district, including a requirement that each REDD include at least one economically distressed area. An area meets the economic distress criteria if (1) its unemployment rate for the most recent 24-month

period exceeded the national average by at least one percentage point, (2) its per capita income is 80% or less of the national average, or (3) it has a special need arising from severe unemployment or short- or long-term economic changes (13 C.F.R. §§ 304.1 and 301.3(a)(1)).

State law establishes a process by which regional entities may establish a REDD, prepare a CEDS, and seek federal approval (CGS § 32-741 et seq.).

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 21 Nay 0 (03/24/2017)