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Testimony Regarding

## Proposed Bill 6948

### An Act Concerning Regional Economic Development

The Northeastern Connecticut Council of Governments (NECCOG) **supports** the concept raised by **Proposed Bill 6948, An Act Concerning Regional Economic Development** and urges the members of the Planning and Development Committee to take action to Raise this bill for further action.

The bill proposes to amend Section 32-327 of the General Statutes - also known as the "Regional Development Act" with the stated purpose to "expand regional economic development." The Regional Economic Development Act was put in place in 1993 as Public Act 93-382, because the General Assembly:

*...found and declared that there exists in this state a great and growing need for additional public and private capital improvements and acquisitions and project development that will promote economic diversification, stability and growth; that such improvements, acquisitions and projects are a particularly effective investment of state funds because of their relative immobility in an increasingly global economy; that such improvements, acquisitions and projects are particularly needed in communities experiencing significant military and industrial job losses; and that regional cooperation in the planning and development of such improvements, acquisitions and projects is desirable and should be encouraged; and therefore, it is necessary and in the public interest and for the public good that the provisions of sections 32-325 to 32-330, inclusive, are hereby declared a matter of legislative determination.*  
**(Section 32-326)**

It is our belief that this statute is in need of update to benefit from the opportunities of regionalism. Currently, the statute permits any regional economic development commission (formed under sections 7-136 and 7-137). A "regional economic development commission" means "any two or more towns, cities or boroughs having economic development commissions may, by ordinance adopted by each of them, join in the formation of a regional economic development commission to be an eligible agency." We believe that two or more (when the more is not defined) does, in most cases, not constitute a true region. Connecticut made a decision to establish nine regional councils of governments a few years ago and we believe that these regional cogs should be the basic building blocks for regionalism - including economic development.

Attached to this testimony is suggested language to assist the committee in drafting this proposal. We thank you for your consideration of our views and are ready to assist in any productive way to move this proposal forward.

Thank you.

For more information, please contact: John Filchak, Executive Director - [john.filchak@neccog.org](mailto:john.filchak@neccog.org)

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

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

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

(a) It is hereby found and declared that there exists in this state a great and growing need for additional public and private capital improvements and acquisitions and project development that will promote economic diversification, stability and growth; that such improvements, acquisitions and projects are a particularly effective investment of state funds because of their relative immobility in an increasingly global economy; that such improvements, acquisitions and projects are particularly needed in communities and regions experiencing significant military, commercial and industrial job losses and economic dislocation; and that regional cooperation in the planning and development of such improvements, acquisitions and projects is desirable and should be encouraged; and therefore, it is necessary and in the public interest and for the public good that the provisions of sections 32-325 to 32-330, inclusive, are hereby declared a matter of legislative determination.

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

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

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

(2) "Agency" means any ~~regional economic development commission formed under sections 7-136 and 7-137, other regional development commission or corporation formed under any other provision of the general statutes or any special act,~~ federal economic development district, established under 42 USC 3171 or any regional council of governments organized under sections 4-124i to 4-124p, inclusive, ~~except that for purposes of financial assistance for greenways projects, "agency" means a municipality or other organizations.~~

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

(4) "Eligible project" means (A) a public or private improvement or acquisition which, ~~in the sole judgment of the commissioner as determined and declared in that region's comprehensive economic development strategy,~~ will significantly enhance economic diversification, stability, growth or scientific knowledge in the region where the project is to be located, and includes a "business development project" as defined in subsection (a) of section 32-222 ~~or greenways projects~~ or (B) an application for a grant under section 32-23ww or 32-23xx. ~~(i) In determining eligibility with regard to an application submitted for an eligible project under subparagraph (A) of this subdivision before June 21, 1994, the commissioner shall also evaluate the project in accordance with a one-hundred-point scale as follows: Fifteen points based on such criteria as the commissioner may from time to time establish, fifteen points for projects located in targeted investment communities, up to twenty-five points for projects in regions where fifty per cent or more of the member municipalities within any planning region participate and fifteen points for every two thousand manufacturing jobs that the region has lost or, in the judgment of the commissioner, is scheduled to lose between July 1, 1989, and July 1, 1996, up to a total of forty-five points. (ii) In determining eligibility with regard to an application submitted for any eligible project under this subdivision on or after June 21, 1994, the commissioner shall also evaluate the project in accordance with a one-hundred-point scale as follows: Fifteen points based on such criteria as the commissioner may from time to time establish, fifteen points for projects located in targeted investment communities, up to twenty-five points for projects in regions where fifty per cent or more of the member municipalities within any planning region participate and fifteen points for every two thousand manufacturing jobs that the region has lost or, in the judgment of the commissioner, is scheduled to lose between July 1, 1989, and July 1, 1996, up to a total of twenty-five points, and ten points if the project consists of an application for a grant under section 32-23ww or 32-23xx, up to a total of twenty points.~~

(5) “Manufacturing jobs” means jobs at a business that is located, in whole or in part, in Connecticut and that has a North American Industrial Classification code of 311111 through 339999; a business engaged in research and development directly related to manufacturing; a business engaged in the significant servicing, overhauling or rebuilding of machinery and equipment for industrial use; an agricultural enterprise engaged in value-added production or agricultural biotechnology; or any establishment or auxiliary or operating unit thereof, as defined in the North American Industrial Classification Manual, which the commissioner determines will materially contribute to the economy of the state by creating or retaining jobs, exporting products or services beyond the state’s boundaries, encouraging innovation in products or services, adding value to products or services, or otherwise supporting or enhancing existing activities that are important to the economy of the state.

(6) “Eligible project cost” means the total cost in dollars of an eligible project.

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

(8) “Regional economic development plan” means a comprehensive economic development plan prepared in accordance with 13 CFR 303.7 ~~plan prepared by an agency that identifies, and which may rank, in order of priority, eligible projects for which the agency intends to apply for financial assistance under section 32-325, and includes an economic development plan developed as contemplated by section 32-7.~~ federal economic development district, established under 42 USC 3171 or any regional council of governments

(9) “Planning region” means any ~~planning region of the state recognized by the commissioner and established in connection with the development of any regional economic development plan~~ federal economic development district, established under 42 USC 3171 or any regional council of governments

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

(a) ~~An agency~~ A region may apply for financial assistance under this section by submitting ~~a regional economic development plan~~ one or more projects as contained in that region’s comprehensive economic development strategy to the commissioner, with a request for financial assistance ~~for one or more projects identified in the plan.~~ The commissioner may also propose eligible projects, in amounts not to exceed one-third of the funds available under sections 32-325 to 32-330, inclusive, for financial assistance under this section, after submitting such proposal to the ~~agencies within the planning~~ region in which the project is to be located and consulting with such agencies as to the appropriateness of such project under ~~any applicable regional economic development plan~~ that region’s comprehensive economic development strategy.

(b) The commissioner may fund not more than ninety per cent of total project costs ~~in targeted investment communities, not more than seventy-five per cent of total project costs in the case~~ of a project in a region that includes a targeted investment community or federally distressed community ~~or~~ and not more than sixty-six and two-thirds per cent of total project costs in the case of a project in a region that does not include a targeted investment community.

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

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