

OFFICE OF FISCAL ANALYSIS

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<http://www.cga.ct.gov/ofa>

sHB-5585

AN ACT CONCERNING ENTERPRISE ZONES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Policy & Mgmt., Off.	GF - Cost/Savings	None	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 19 \$	FY 20 \$
All Distressed Municipalities	Grand List Increase/Decrease	None	Potential

Explanation

The bill results in the following impacts:

Section 1 of the bill has no fiscal impact by requiring the Department of Economic and Community Development (DECD) to develop specific benchmarks to assess continued eligibility of businesses for benefits under the enterprise zone program. DECD is currently developing such benchmarks.

While there is no cost to develop benchmarks, there may be a cost to DECD to apply benchmarks to the enterprise zone program. Such cost, if any, would depend upon the scope and frequency of business assessment required by the benchmarks yet to be developed.

Between 2013 and 2017, DECD certified 210 businesses as eligible for enterprise zone participants.

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Sections 2 and 3 allow the DECD and distressed municipalities to negotiate certain property tax benefits for manufacturers located in enterprise zones.

The impact of the bill will depend on the monetary value of the benefits negotiated, relative to the benefits that eligible manufacturers currently receive. An expansion of these benefits results in a grand list reduction in effected municipalities, while a reduction in benefits results in a grand list expansion.

The bill results in a cost, or savings, to the Distressed Municipalities grant program within the Office of Policy and Management (OPM). OPM is required to reimburse municipalities for 50% of the tax loss related to the benefits provided to manufacturers located in enterprise zones. Any increase or decrease in the cost to fully fund the program will vary based on the value of the negotiated benefits.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Source: Dept of Economic and Community Development, Connecticut's Enterprise Zone Program Guide <http://www.ct.gov/ecd/cwp/view.asp?a=1099&q=249762>