



Senate

General Assembly

File No. 464

February Session, 2018

Substitute Senate Bill No. 262

Senate, April 12, 2018

The Committee on Commerce reported through SEN. HARTLEY, J. of the 15th Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CERTAIN REPORTING REQUIREMENTS OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT.

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

1 Section 1. Section 32-1m of the 2018 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2018*):

4 (a) Not later than February first, annually, the Commissioner of
5 Economic and Community Development shall submit a report to the
6 Governor, the Auditors of Public Accounts and the joint standing
7 committees of the General Assembly having cognizance of matters
8 relating to appropriations and the budgets of state agencies, finance,
9 revenue and bonding and commerce, in accordance with the
10 provisions of section 11-4a. Not later than thirty days after submission
11 of the report, said commissioner shall post the report on the
12 Department of Economic and Community Development's web site.

13 Such report shall include, but not be limited to, the following
14 information with regard to the activities of the Department of
15 Economic and Community Development, [and to business assistance
16 or] business assistance programs administered by Connecticut
17 Innovations, Incorporated and tax incentive programs not
18 administered by the department, during the preceding state fiscal year:

19 (1) A brief description and assessment of the state's economy during
20 such year, utilizing the most recent and reasonably available data, and
21 including:

22 (A) Connecticut employment by industry;

23 (B) Connecticut and national average unemployment; and

24 (C) Connecticut gross state product, by industry.

25 (2) An analysis of the economic development portfolio of the
26 department, including, but not limited to, each business assistance or
27 incentive program, including any business tax credit or abatement
28 program, grant, loan, forgivable loan or other form of assistance,
29 enacted for the purpose of improving economic development. The
30 analysis shall include:

31 (A) The Internet web site address of the state's open data portal and
32 an indication of where the name, address and location of each recipient
33 of the department's assistance is published on the site along with the
34 following information concerning each recipient: (i) Business activities,
35 (ii) standard industrial classification codes or North American
36 industrial classification codes, (iii) whether the recipient is a minority
37 or woman-owned business, (iv) a summary of the terms and
38 conditions for the assistance, including the type and amount of state
39 financial assistance and job creation or retention requirements, (v) the
40 amount of investments from private and other nonstate sources that
41 have been leveraged by the assistance, and (vi) the amount of state
42 investment;

43 (B) A portfolio analysis, including an analysis of the wages paid by

44 recipients of financial assistance by industry;

45 (C) An investment analysis, including (i) total portfolio value, (ii)
46 total investment by industry, (iii) portfolio dollar per job average, (iv)
47 portfolio leverage ratio;

48 (D) An overview of the business assistance and incentive programs
49 administered by the department and an analysis of their estimated
50 economic impact on the state's economy. The analysis shall include, for
51 each business assistance or incentive program for which such data is
52 available, the number of new jobs created, the borrowing cost to the
53 state and the estimated impact of such program on annual state
54 revenues;

55 (E) An analysis of whether the statutory and programmatic goals of
56 each business or incentive program are being met, with obstacles to
57 such goals identified, if possible;

58 (F) (i) Recommendations as to whether any existing business
59 assistance or incentive program should be continued, modified or
60 repealed and the basis or bases for such recommendations, and (ii) any
61 recommendations for additional data collection by the state to better
62 inform future evaluations of such programs; and

63 (G) The methodologies and assumptions used in carrying out the
64 analyses under this subdivision.

65 (3) An analysis of the community development portfolio of the
66 department, including:

67 (A) The Internet web site address of the state's open data portal and
68 an indication of where the name, address and location of each recipient
69 of the department's assistance is published on the site along with the
70 following information concerning each recipient: (i) Amount of state
71 investment, (ii) a summary of the terms and conditions for the
72 department's assistance, including the type and amount of state
73 financial assistance, and (iii) the amount of investments from private
74 and other nonstate sources that have been leveraged by such

75 assistance; and

76 (B) An investment analysis, including (i) total active portfolio value,
77 (ii) total investments made in the preceding state fiscal year, and (iii)
78 total portfolio leverage ratio.

79 (4) An analysis of each business assistance [or incentive program,
80 including any business tax credit or abatement program, grant, loan,
81 forgivable loan or other form of assistance,] program administered by
82 Connecticut Innovations, Incorporated and each tax incentive program
83 enacted for the purpose of improving economic development [, that
84 (A) (i)] and not administered by the department that (A) had ten or
85 more recipients of assistance in the preceding state fiscal year, or [(ii)]
86 (B) credited, abated or distributed more than one million dollars in the
87 preceding state fiscal year. [, and (B) is not administered by the
88 department.] The analysis shall include:

89 (i) An overview of the business assistance or tax incentive program
90 and an analysis of its estimated economic effects on the state's
91 economy; [, including, for each program where such data is available,
92 the number of new jobs created and the estimated impact of such
93 program on annual state revenues;]

94 (ii) An analysis of whether the statutory and programmatic goals of
95 each business assistance or tax incentive program are being met, with
96 obstacles to such goals identified, if possible;

97 (iii) Recommendations as to whether any such existing business
98 assistance or tax incentive program should be continued, modified or
99 repealed and the basis or bases for such recommendations, and any
100 recommendations for additional data collection by the state to better
101 inform future evaluations of such programs; and

102 (iv) The methodologies and assumptions used in carrying out the
103 analysis under this subdivision.

104 (5) A summary of the department's international trade efforts in the
105 preceding state fiscal year, and, to the extent possible, a summary of

106 foreign direct investment that occurred in the state in such year.

107 (6) A summary of the total social and economic impact of the
108 department's efforts and activities in the areas of economic and
109 community development, and an assessment of the department's
110 performance in terms of meeting its stated goals and objectives.

111 (7) With regard to the Small Business Express program established
112 pursuant to section 32-7g, data on (A) the number of small businesses
113 that applied to the Small Business Express program, (B) the number of
114 small businesses that received assistance under said program and the
115 general categories of such businesses, (C) the amounts and types of
116 assistance provided, (D) the total number of jobs on the date of
117 application and the number proposed to be created or retained, and (E)
118 the most recent employment figures of the small businesses receiving
119 assistance.

120 (8) With regard to airport development zones established pursuant
121 to section 32-75d, a summary of the economic and cost benefits of each
122 zone and any recommended revisions to any such zones.

123 (9) An overview of the department's activities related to tourism, the
124 arts and historic preservation.

125 (10) An overview of the department's activities concerning digital
126 media, motion pictures and related production activity, and an
127 analysis of the use of the film production tax credit established under
128 section 12-217jj, the entertainment industry infrastructure tax credit
129 established under section 12-217kk and the digital animation
130 production tax credit established under section 12-217ll, including the
131 amount of any tax credit issued under said sections and the total
132 amount of production expenses or costs incurred in the state by the
133 taxpayer who was issued such a tax credit.

134 (11) A summary of the department's and the office of the permit
135 ombudsman's brownfield-related efforts and activities in the preceding
136 fiscal year.

137 (12) A summary of the department's dry cleaning establishment
138 remediation account activities in the preceding fiscal year.

139 (b) Any annual report that is required from the department by any
140 provision of the general statutes shall be incorporated into the annual
141 report submitted pursuant to subsection (a) of this section.

142 (c) [On or before March 1, 2018, and annually thereafter] Not later
143 than sixty days after the submission of a report by the Auditors of
144 Public Accounts pursuant to section 2-90c, the joint standing
145 committees of the General Assembly having cognizance of matters
146 relating to appropriations and the budgets of state agencies, finance,
147 revenue and bonding and commerce shall hold, individually or jointly,
148 one or more public hearings on such report and the analyses included
149 in the annual report under subdivisions [(3)] (2) and [(5)] (4) of
150 subsection (a) of this section.

151 Sec. 2. Section 10-425 of the general statutes is repealed and the
152 following is substituted in lieu thereof (*Effective October 1, 2018*):

153 (a) The Commissioner of Economic and Community Development
154 shall establish a Sports Advisory Board within the department that
155 shall advise the commissioner on the most effective ways to utilize
156 state resources to promote, attract and market in-state professional and
157 amateur sports and sporting events. Said board shall also advise the
158 commissioner on ways to coordinate the use of state-owned facilities in
159 order to enhance sports-related tourism in the state and develop
160 methods for the dissemination of information concerning in-state
161 professional and amateur sports and sporting events to residents of the
162 state and the northeast.

163 (b) Said advisory board shall consist of one member from each of
164 the following entities: (1) The University of Connecticut's Athletic
165 Department; (2) the Connecticut State University System's Athletic
166 Department; (3) the XL Center; (4) Northland AEG; (5) the Traveler's
167 Championship Golf Tournament; (6) the Pilot Pen Tennis Tournament;
168 (7) the Special Olympics; (8) the Mohegan Sun Arena; (9) Foxwoods

169 Resort Casino; (10) Lime Rock Park Race Track; (11) the Arena at
170 Harbor Yard; (12) New Britain Stadium; (13) the Connecticut Marine
171 Trades Association; (14) the Office of Policy and Management; (15) the
172 Culture and Tourism Advisory Committee; (16) the Capital Region
173 Development Authority; (17) the Nutmeg State Games; (18) the
174 Connecticut Interscholastic Athletic Conference; (19) Fairfield
175 University; (20) Quinnipiac University; (21) Sacred Heart University;
176 (22) any other entity involved in sports or sporting events that the
177 commissioner deems appropriate; (23) the Connecticut State Golf
178 Association; and (24) Dodd Stadium.

179 (c) The first meeting of the Sports Advisory Board shall convene not
180 later than November 15, 2008, and the advisory board shall meet not
181 less than once per calendar quarter thereafter. The advisory board shall
182 provide any recommendations of the advisory board to the
183 commissioner not later than thirty days after any such meeting.

184 (d) The members of the advisory board may select a chairperson
185 from among its membership who shall be responsible for the
186 scheduling and conducting of any such meeting.

187 (e) The Department of Economic and Community Development
188 shall provide staff support to the board.

189 [(f) Not later than thirty days prior to each regular session of the
190 General Assembly, the Commissioner of Economic and Community
191 Development shall submit a report to the joint standing committee of
192 the General Assembly having cognizance of matters relating to
193 commerce that includes information on the status of the Sports
194 Advisory Board's activities, the implementation of any
195 recommendations of said advisory board and any legislative proposals
196 related to such recommendations.]

197 Sec. 3. Section 31-362d of the general statutes is repealed and the
198 following is substituted in lieu thereof (*Effective October 1, 2018*):

199 For purposes of sections [31-362b] 31-362c to 31-362f, inclusive, as

200 amended by this act:

201 (1) "Commissioner" means the Commissioner of Economic and
202 Community Development, and

203 (2) "Minijob" means a job with a maximum work week of twenty-
204 five hours per week.

205 Sec. 4. Section 31-362e of the general statutes is repealed and the
206 following is substituted in lieu thereof (*Effective October 1, 2018*):

207 The commissioner shall: [in addition to the responsibilities
208 prescribed by section 31-362b:]

209 (1) Develop a plan to implement the minijob concept;

210 (2) Coordinate and implement the minijob development plan,
211 including the provision of those general support facilities considered
212 by the commissioner to be necessary, desirable or appropriate in
213 carrying out the provisions of the minijob implementation plan;

214 (3) Provide for the education and training of persons in order to
215 match such persons with available jobs;

216 (4) Provide for utilization of private employers for implementation
217 of some or all of the requirements of the minijob development plan.

218 Sec. 5. Section 31-362f of the general statutes is repealed and the
219 following is substituted in lieu thereof (*Effective October 1, 2018*):

220 The commission shall institute a pilot minijob program in a limited
221 area and shall report to the 1977 session of the General Assembly on or
222 before February 1, 1977, with respect, thereto, including in such report
223 any recommendations for legislation to further the purposes of
224 sections [31-362b] 31-362c to 31-362f, inclusive, as amended by this act.

225 Sec. 6. Section 31-362b of the general statutes is repealed. (*Effective*
226 *October 1, 2018*)

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2018</i>	32-1m
Sec. 2	<i>October 1, 2018</i>	10-425
Sec. 3	<i>October 1, 2018</i>	31-362d
Sec. 4	<i>October 1, 2018</i>	31-362e
Sec. 5	<i>October 1, 2018</i>	31-362f
Sec. 6	<i>October 1, 2018</i>	Repealer section

CE *Joint Favorable Subst.*

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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Department of Economic & Community Development	GF - Potential Savings	Minimal	Minimal
Various State Agencies	GF - Potential Cost	Less than \$1,000	Less than \$1,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in the following impacts listed below.

DECD Reporting Requirements

The bill is not anticipated to result in a fiscal impact by modifying and eliminating certain reporting requirements of the Department of Economic and Community Development (DECD). **Section 1** of the bill limits the types of business programs that DECD must report on while **Sections 2 - 6** eliminate obsolete reports. It is anticipated that these provisions will result potential minimal savings by streamlining the number of items that DECD must analyze and report.

Legislative Hearings

Section 1 of the bill also changes the timing and basis of hearings several committees must hold on economic development programs. In the event that a committee meeting occurs when the legislature is not in session, there may be a cost of less than \$1,000 in FY 15 to those agencies participating to reimburse legislators and agency staff for

mileage expenses.

The Out Years

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

OLR Bill Analysis**sSB 262*****AN ACT CONCERNING CERTAIN REPORTING REQUIREMENTS OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT.*****SUMMARY**

This bill reduces the Department of Economic and Community Development's (DECD) reporting requirements. It limits the types of business assistance programs DECD must include in the report and reduces the analysis of the tax incentive programs it must also include in the report. The bill also eliminates the requirement that DECD submit separate annual reports on the Sports Advisory Board's activities and the state's workforce needs.

Lastly, the bill changes the timing and basis of the hearings several committees must hold on economic development programs.

EFFECTIVE DATE: October 1, 2018

DECD REPORTING***Business Assistance Programs***

Current law requires DECD to (1) analyze all state business assistance programs, including those administered by other agencies and (2) include its findings in its annual legislative report. The bill instead requires DECD to report only on those programs it and Connecticut Innovations, Inc.'s, the state's quasi-public venture capital agency, administer.

Tax Incentive Programs

Current law requires DECD to analyze state tax incentive programs, including those administered by other agencies, based on the total value of the credits they awarded or the number of recipients, and

include the results in the annual report. The bill eliminates a requirement that, if the data is available, for the analysis to include the number of new jobs the programs created and estimates of how they affected state revenues.

Sports Advisory Board

The bill eliminates the requirement that DECD annually report to the Commerce Committee on the Sports Advisory Board's activities, which include advising the DECD commissioner about how to promote the state's sports industry. Under current law, DECD must submit the report no later than 30 days before each regular session begins. The board includes state officials and representatives of specified organizations that sponsor or conduct sporting events.

Annual Workforce Needs Assessment

The bill eliminates the requirement that the DECD commissioner annually assess and report to the legislature and governor on the state's workforce needs by February 15. Under current law, as part of this assessment, she must:

1. evaluate existing and potential job skill needs for the state's businesses and industries;
2. coordinate and recommend improvements in vocational education programs to match industry needs;
3. encourage industry based work-study programs and encourage employers, unions, and government agencies to fund more scholarships;
4. encourage retraining programs for underemployed and unemployed people to guarantee a workforce; and
5. evaluate and recommend executive and legislative action to improve job innovation and development programs.

LEGISLATIVE HEARINGS

The bill changes the timeframe and expands the basis for the

hearings the Appropriations; Commerce; and Finance, Revenue, and Bonding committees must hold on economic development programs. It requires these committees to hold the hearings within 60 days of receiving an auditors' economic development program report, which the auditors must prepare each time they audit DECD. Under current law, the committees must hold hearings by March 1.

The bill also modifies the hearings' purpose. Under current law, the hearings must address those sections of DECD's annual report that analyze DECD's community development portfolio and summarize the department's efforts to promote international trade and the foreign direct investment that occurred in Connecticut during the year. The bill instead requires hearings to address those sections that analyze DECD's economic development portfolio, CI's business assistance programs, and other agencies' tax incentive programs.

The bill also requires the hearings to address the auditors' report on economic development programs. The report must present the results of the statutorily required (1) performance review of the state's tax incentive programs and (2) evaluation of the accuracy of the annual reports DECD submitted to the legislature since the auditors' last departmental audit.

BACKGROUND

Related Bill

HB 5438, favorably reported by the Commerce Committee, makes a conforming change to require that the auditors' evaluation of DECD's annual reports include the analyses of DECD's business assistance programs and other agencies' tax incentive programs, rather than DECD's community development portfolio and summary of the department's international trade.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 15 Nay 5 (03/27/2018)