



General Assembly

January Session, 2019

***Raised Bill No. 1138***

LCO No. 7328



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING COMMUNITY RESTORATION FUNDS.***

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

1 Section 1. (NEW) (*Effective from passage*) (a) There are established  
2 community development corporations, which shall use the revenue  
3 from the tax imposed under subsection (b) of section 6 of this act and  
4 section 12-408 of the general statutes, as amended by this act, for the  
5 community restoration and revitalization purposes set forth in this  
6 section and section 2 of this act. Such moneys shall be disbursed by  
7 and used in coordination with the community development  
8 corporation oversight council established under section 3 of this act.

9 (b) (1) Any entity that is exempt from tax pursuant to Section 501(c)  
10 of the Internal Revenue Code of 1986, or any subsequent  
11 corresponding internal revenue code of the United States, as amended  
12 from time to time, and is located in a distressed municipality, as  
13 defined in section 32-9p of the general statutes, at the time such entity  
14 submits an application for designation, may apply to the council to be  
15 designated as a community development corporation.

16 (2) To be eligible to be designated as a community development  
17 corporation, such entity shall:

18 (A) (i) Have demonstrated effectiveness in, or have been formed for  
19 the purpose of, building, attracting and retaining neighborhood  
20 wealth, and (ii) provide financial, educational or related services to  
21 support initiatives that concentrate investments in human capital and  
22 infrastructure in a specific neighborhood or neighborhoods, with  
23 measureable community revitalization achievements;

24 (B) Agree to focus all its efforts in the distressed municipality in  
25 which it is located;

26 (C) Agree to establish or relocate its primary office in a community  
27 impact zone within the municipality after such zones are designated  
28 pursuant to section 3 of this act; and

29 (D) Agree to establish or relocate any auxiliary locations to within  
30 the boundaries of the municipality in which the corporation is located.

31 (c) (1) Each community development corporation shall provide  
32 programs, services and assistance or issue grants to support  
33 community reinvestment strategies in the community impact zone in  
34 which such corporation is located, including, but not limited to, the  
35 following, in order of priority:

36 (A) Encouraging early childhood initiatives through the provision,  
37 directly or in collaboration with other entities, of free or low-cost early  
38 childhood education services to families that reside within the  
39 community impact zone, without regard to family income level. Such  
40 services shall include kindergarten preparedness and kindergarten  
41 readiness assessments. The corporation may expand such services  
42 beyond the community impact zone but within the municipality to  
43 areas with poverty levels above the municipal average;

44 (B) Increasing achievement at public elementary and middle schools

45 located in the community impact zone. The corporation shall  
46 coordinate with school officials of such schools to submit grant  
47 applications to the community development corporation oversight  
48 council to supplement per-student funding for such schools to match  
49 or approach the highest levels of per-student funding at any  
50 elementary or middle school in the state. Schools that receive such  
51 grants shall (i) set goals to achieve scores in the top percentiles on the  
52 state-wide mastery examination under section 10-14n of the general  
53 statutes. The council shall set specific target goals for each school that  
54 receives a grant pursuant to this subparagraph, and (ii) guarantee that  
55 a student residing in the community impact zone will be able to attend  
56 that specific school;

57 (C) Rebuilding community assets through:

58 (i) The construction, renovation or repair of neighborhood  
59 structures or assets of economic or other community significance,  
60 including, but not limited to, playgrounds, sidewalks, parks,  
61 community centers, senior centers, public libraries, urban gardens and  
62 green spaces. Projects that receive funding under this subparagraph  
63 shall be owned by the federal, state or municipal government, the  
64 community development corporation located in the community impact  
65 zone where such project is located, the partnered community  
66 development credit union, as described in section 2 of this act, or a  
67 resident of the municipality in which such structure or asset is located.  
68 The corporation shall seek to train residents of the community impact  
69 zone to perform some of the work such projects require, directly or  
70 indirectly through partnerships with existing technical education and  
71 apprenticeship programs and with other entities; and

72 (ii) The retention, sale or rental of such projects after completion,  
73 provided any sale shall be to a resident of the community impact zone  
74 only. The partnered community development credit union may  
75 develop a cooperative model for owning and renting such projects;

76 (D) Increasing owner-occupancy of residential buildings through:

77 (i) Tracking and undertaking efforts to increase the percentage of  
78 owner-occupied residential buildings in the community impact zone.  
79 The corporation shall set five-year target percentages and shall  
80 periodically evaluate and revise such target amounts;

81 (ii) The restoration and repair of multifamily rental buildings  
82 located in the community impact zone to convert such buildings into  
83 owner-occupied residential buildings or multifamily cooperative  
84 buildings with at least one unit to be a rental unit. Projects that receive  
85 funding under this subparagraph shall be owned by the community  
86 development corporation located in the community impact zone, the  
87 partnered community development credit union or a resident of the  
88 municipality in which such project is located. A multifamily rental  
89 building that is not owned by such corporation, credit union or  
90 resident may be considered for funding under this subparagraph,  
91 provided the owner of such building agrees, in writing, to terms set  
92 forth by the corporation that further the purposes of this section. The  
93 corporation may promote participation in existing state and housing  
94 programs to encourage owner occupancy; and

95 (iii) The retention, sale or rental of such buildings after completion,  
96 provided any sale shall be to a resident of the community impact zone  
97 only. The corporation or the partnered community development credit  
98 union may develop a cooperative model for owning and renting such  
99 buildings;

100 (E) Supporting pathways to home ownership through the offering  
101 of home buyer education and financial literacy programs in  
102 partnership with existing programs. All such partnerships shall be  
103 joint efforts between the community development corporation and its  
104 partnered community development credit union and each such credit  
105 union may develop and offer subsidized or incentivized financial  
106 products for individuals who participate in such programs;

107 (F) Creating pipelines to employment for residents of a community  
108 impact zone through:

109 (i) The implementation of or participation in community work-  
110 based training programs, in consultation or coordination with other  
111 organizations, including, but not limited to, the Workforce Investment  
112 Boards. Such programs shall provide preapprenticeship or  
113 apprenticeship opportunities by providing instruction or training to  
114 increase literacy, mathematics and other technical, prevocational or  
115 vocational skills and connecting workforce, economic development  
116 and education systems with businesses and other stakeholders in the  
117 community impact zone. All such efforts undertaken by a community  
118 development corporation shall focus on the residents of the  
119 community impact zone in which such corporation is located and on  
120 businesses offering or carrying out training programs, in order of  
121 priority, (I) within the community impact zone, (II) within the  
122 municipality in which the community impact zone is located, or (III)  
123 without the municipality; and

124 (ii) The placement of residents of the community impact zone with  
125 businesses offering employment or on-the-job training that are, in  
126 order of priority, (I) within the community impact zone, (II) within the  
127 municipality in which the community impact zone is located, or (III)  
128 without the municipality only after the opportunities under subclauses  
129 (I) and (II) of this clause have been exhausted;

130 (G) Expanding access to programs at existing community centers or  
131 senior centers that serve all residents of the community impact zone,  
132 regardless of age, or converting such existing centers to centers that  
133 serve all residents of the community impact zone, regardless of age;  
134 and

135 (H) Providing municipal residents with low-cost transportation  
136 options by developing or supporting transportation alternatives within  
137 and between municipalities for travel to and from employment, home,

138 school, retail stores and entertainment venues.

139 (2) If the corporation has insufficient funds to execute to a high level  
140 of quality all of the strategies set forth in subdivision (1) of this  
141 subsection, the corporation shall pursue each strategy in the order  
142 listed in said subdivision, with an emphasis on achieving a high level  
143 of quality in the execution and implementation of such strategy before  
144 undertaking the next strategy listed.

145 (d) A community development corporation may:

146 (1) Acquire real property described in subsection (b) of this section  
147 in partnership with or in coordination with its partnered community  
148 development credit union;

149 (2) Operate as or establish a subsidiary that operates as a contractor  
150 or subcontractor, provided such corporation or subsidiary complies  
151 with all applicable licensing and registration requirements under the  
152 general statutes; and

153 (3) Partner or contract with contractors or subcontractors to carry  
154 out projects and related work for the purposes set forth in subsection  
155 (b) of this section, provided the corporation shall give primary priority  
156 to a contractor or subcontractor located in the community impact zone  
157 in which the corporation is located and secondary priority to a  
158 contractor or subcontractor located in the municipality in which the  
159 corporation is located.

160 (e) Not later than six months after being designated as a community  
161 development corporation, such corporation shall (1) identify a  
162 Connecticut credit union located within the municipality in which  
163 such corporation is located that will apply to the community  
164 development corporation oversight council for designation as a  
165 community development credit union pursuant to section 2 of this act,  
166 or (2) issue a request for proposal for the organization of a new  
167 Connecticut credit union to partner with or for an existing Connecticut

168 credit union to partner with, such corporation.

169 (f) Notwithstanding the provisions of chapter 846 of the general  
170 statutes or section 12-157 of the general statutes, a community  
171 development corporation shall be offered the right of first refusal in  
172 the sale of any real property that has been foreclosed or is being sold at  
173 public auction and is located in the community impact zone in which  
174 such corporation is located, provided such corporation has timely  
175 notified the mortgagee or the town tax collector, as applicable, of such  
176 corporation's interest in acquiring such property.

177 (g) Each community development corporation shall submit a  
178 financial report to the community development corporation oversight  
179 council, on such frequency as the council shall require but at least  
180 annually, and include such information as the council requires.

181 (h) (1) A community development corporation may request that its  
182 designation be removed. The community development corporation  
183 oversight council may grant such request, provided the council  
184 designates, from prior submitted applications or through a new  
185 request for application submissions, another entity to replace such  
186 corporation.

187 (2) The council may remove the designation of any community  
188 development corporation that the council determines is unable to or is  
189 deficient in carrying out the purposes of this section, provided the  
190 corporation has been afforded an opportunity to address and improve  
191 any deficiencies noted by the council.

192 Sec. 2. (NEW) (*Effective from passage*) (a) There are established  
193 community development credit unions, which shall partner with  
194 community development corporations, established under section 1 of  
195 this act, to further the community restoration and revitalization  
196 purposes set forth in this section and section 1 of this act.

197 (b) (1) Any Connecticut credit union organized under chapter 667 of

198 the general statutes and in compliance with the provisions of said  
199 chapter or Connecticut credit union service organization, as defined in  
200 section 36a-2 of the general statutes, may apply to the community  
201 development corporation oversight council established under section 3  
202 of this act to be designated as a community development credit union.

203 (2) To be designated as a community development credit union, a  
204 Connecticut credit union or Connecticut credit union service  
205 organization shall:

206 (A) Serve low-income and moderate-income people and  
207 communities that have limited access to affordable financial services  
208 and products, with priority given to credit unions that specialize in (i)  
209 providing home mortgages or small business loans to members with  
210 imperfect, limited or no credit history, (ii) providing financial  
211 education and counseling to its members, and (iii) offering products,  
212 services and support at a low or reasonable cost to its members; and

213 (B) Agree to partner with or be partnered with at least one  
214 community development corporation and focus its activities and  
215 efforts to support such corporation's purposes set forth in section 1 of  
216 this act.

217 (c) Each community development credit union shall:

218 (1) Submit its governance structure to the community development  
219 corporation oversight council for review and approve the addition of  
220 representatives of its partnered community development corporation  
221 to its governing board, executive committee or supervisory committee  
222 or similar board or committee, in such numbers and as agreed to by  
223 such credit union and corporation;

224 (2) If applicable and necessary, expand its field of membership in  
225 accordance with section 36a-438a of the general statutes, to allow all  
226 residents of all community impact zones within the municipality in  
227 which its partnered community development corporation is located, to



228 be members of such credit union;

229 (3) Offer or agree to offer free or low-cost basic checking and  
230 savings account services to all residents of the community impact zone  
231 in which its partnered community development corporation is located;

232 (4) Agree to establish or relocate a location in the community impact  
233 zone in which its partnered community development corporation is  
234 located after such zones are designated pursuant to section 3 of this  
235 act. Such credit union shall not be precluded from establishing or  
236 having locations elsewhere in the state or establishing or having  
237 multiple locations within the municipality in which the community  
238 impact zone is located; and

239 (5) Develop, in consultation with its partnered community  
240 development corporation, and issue, social impact bonds to support or  
241 supplement the efforts of such corporation. Such bonds shall be  
242 designed to maximize tax benefits to investors where the community  
243 impact zone in which such corporation is located aligns with federal  
244 qualified opportunity zones.

245 (d) A community development credit union may:

246 (1) Develop low-cost or subsidized financial products and services  
247 to support the community development goals of its partnered  
248 community development corporation and apply to the community  
249 development corporation oversight council for funding for such  
250 purpose; and

251 (2) Collaborate with its partnered community development  
252 corporation to help finance or facilitate investments in real property or  
253 community structures and assets pursuant to section 1 of this act.

254 (e) Each community development credit union shall submit a  
255 financial report to the community development corporation oversight  
256 council, on such frequency as the council shall require but at least

257 annually and include such information as the council requires.

258 (f) (1) A community development credit union may request that its  
259 designation be removed and that it no longer be partnered with its  
260 community development corporation. The community development  
261 corporation oversight council may grant such request, provided such  
262 corporation identifies another Connecticut credit union or Connecticut  
263 credit union service organization to replace such credit union or issues  
264 a request for proposal for the organization of a new Connecticut credit  
265 union or Connecticut credit union service organization with which to  
266 partner.

267 (2) The council may remove the designation of any community  
268 development credit union that the council determines is unable to or is  
269 deficient in carrying out the purposes of this section, provided the  
270 credit union has been afforded an opportunity to address and improve  
271 any deficiencies noted by the council.

272 Sec. 3. (NEW) (*Effective from passage*) (a) As used in this section,  
273 "municipality" means any town, city or borough, consolidated town  
274 and city or consolidated town and borough and "distressed  
275 municipality" has the same meaning as provided in section 32-9p of  
276 the general statutes.

277 (b) (1) There is established a community development corporation  
278 oversight council, which shall be part of the Legislative Department.  
279 The council shall consist of the following members: (A) The Treasurer;  
280 (B) the Commissioner of Economic and Community Development; (C)  
281 the executive director of the Commission on Equity and Opportunity,  
282 established pursuant to section 2-127 of the general statutes; and (D)  
283 four members appointed by the Governor. In making the appointment  
284 under subparagraph (D) of this subdivision, the Governor shall seek to  
285 appoint individuals who have broad community knowledge and  
286 experience with communities within the eligible census tracts selected  
287 by the Secretary of the Office of Policy and Management pursuant to

288 subsection (f) of this section and are reflective of the ethnic, gender and  
289 economic diversity of such communities. All appointments to the  
290 council shall be made on or after August 1, 2019.

291 (2) The Treasurer and the Commissioner of Economic and  
292 Community Development shall serve as cochairpersons of the council  
293 and shall jointly schedule the first meeting of the council, which shall  
294 be held not later than September 1, 2019. On and after January 1, 2020,  
295 the council shall meet not fewer than six times each year. A majority of  
296 the council shall constitute a quorum for the transaction of any  
297 business.

298 (3) Any vacancy shall be filled by the appointing authority. Any  
299 vacancy occurring other than by expiration of term shall be filled for  
300 the balance of the unexpired term.

301 (4) The members of the council shall serve without compensation,  
302 but shall, within the limits of available funds, be reimbursed for  
303 expenses necessarily incurred in the performance of their duties.

304 (5) The administrative staff of the joint standing committee of the  
305 General Assembly having cognizance of matters relating to economic  
306 development shall serve as administrative staff of the council.

307 (c) The council shall:

308 (1) Establish criteria for designation as a community development  
309 corporation, community development credit union and community  
310 impact zone and designate such corporations, credit unions and zones  
311 in accordance with the provisions of this section and sections 1 and 2  
312 of this act;

313 (2) Establish an annual budget in accordance with the provisions of  
314 this section;

315 (3) Oversee the investments of, deposits in and disbursements from  
316 the Community Development Corporation Trust Fund established

317 under section 4 of this act;

318 (4) Approve the programs, services and activities of and efforts  
319 undertaken by community development corporations and community  
320 development credit unions to further the purposes of this section and  
321 sections 1 and 2 of this act;

322 (5) Oversee, support and coordinate the programs, services and  
323 activities of and efforts undertaken by community development  
324 corporations and community development credit unions under  
325 sections 1 and 2 of this act, within and across municipalities and with  
326 other relevant state agencies, entities and initiatives;

327 (6) Advise community development corporations, community  
328 development credit unions, state agencies and other entities with  
329 respect to the core purposes of community development corporations  
330 and community development credit unions;

331 (7) Review the disbursement of funds to, and contracts entered into  
332 by, community development corporations and community  
333 development credit unions, to evaluate the impact and effectiveness of  
334 such disbursements and ensure that decisions made by such  
335 corporations and credit unions regarding services provided or grants  
336 or other financial instruments issued are based solely on the purposes  
337 set forth in sections 1 and 2 of this act;

338 (8) Review the reports submitted to the council by community  
339 development corporations and community development credit unions;  
340 and

341 (9) Do all things necessary to carry out its duties and responsibilities  
342 under sections 1 to 4, inclusive, of this act.

343 (d) The council shall designate community development credit  
344 unions from among applicants that fulfill the requirements set forth in  
345 subsection (b) of section 2 of this act. The council may designate only

346 one community development credit union for each municipality.

347 (e) The council shall designate community development  
348 corporations in accordance with the provisions of this subsection.

349 (1) Not later than October 1, 2019, the council shall release its criteria  
350 for prospective applicants seeking designation as a community  
351 development corporation. In addition to the requirements set forth in  
352 section 1 of this act, such criteria shall take into consideration the goals,  
353 purposes and requirements set forth in said section and shall include,  
354 but not be limited to, (A) whether the applicant has broad community  
355 representation in its leadership and governance, with an emphasis on  
356 ethnic and economic diversity reflective of the municipality in which  
357 the applicant is located, and (B) the professional competence and  
358 relevant experience of the applicant's management and staff. Each  
359 applicant shall include (i) a letter of support from the chief elected  
360 official of the municipality in which the applicant is located, and (ii) a  
361 statement that the applicant agrees to locate its office in a community  
362 impact zone once such zone is designated. The council shall accept  
363 applications on or after October 1, 2019, until and including January  
364 31, 2020.

365 (2) Not later than March 1, 2020, the council shall announce its  
366 selections for designated community development corporations. The  
367 council may designate only one community development corporation  
368 for each municipality.

369 (f) The Secretary of the Office of Policy and Management shall select  
370 eligible census tracts and the council shall designate community  
371 impact zones in accordance with the provisions of this subsection.

372 (1) The secretary shall select census tracts within distressed  
373 municipalities that are eligible to have a community impact zone or  
374 zones designated within such tract. The secretary shall consider, but  
375 need not be limited to, the following metrics for each census tract: (A)  
376 The educational level attained by the population, specifically the

377 percentage of the population attaining an associate degree or a  
378 bachelor's degree; (B) the most recent third grade scores on the state-  
379 wide mastery examination under section 10-14n of the general statutes  
380 for reading; (C) the most recent third grade scores on the state-wide  
381 mastery examination under section 10-14n of the general statutes for  
382 mathematics; (D) the unemployment rate; (E) the state of the local  
383 economy, employment availability and access and diversity of jobs; (F)  
384 the percentage of the population receiving public assistance; (G) the  
385 percentage of the population below the federal poverty level; (H) the  
386 rate of home ownership; (I) the percentage of vacant housing; and (J)  
387 crime rates.

388 (2) Not later than August 1, 2019, the secretary shall release the  
389 eligible census tracts based on those that demonstrate the greatest  
390 socio-economic need as indicated by subparagraphs (A) to (J),  
391 inclusive, of subdivision (1) of this subsection and the criteria for an  
392 area within such tract to be designated as a community impact zone.  
393 Such criteria shall take into consideration the goals, purposes and  
394 requirements set forth in section 1 of this act and may give weight to  
395 one or more of the following: (A) The existence of a public elementary  
396 school within the area; (B) the existence of an early childhood center  
397 within the area; (C) the existence of a community center serving  
398 children or seniors, or both, within the area; (D) the existence of a local  
399 community organization comprised of residents and leaders within the  
400 area, which organization's role is complementary to the goals,  
401 purposes and requirements set forth in section 1 of this act; (E) the  
402 proximity of the area to existing or planned public transportation; and  
403 (F) existing access to an asset-based housing organization that focuses  
404 on home ownership and financial literacy.

405 (3) Not later than June 1, 2020, each community development  
406 corporation shall submit a proposal to the council for not more than  
407 two geographically distinct areas within an eligible census tract in  
408 which the corporation is located to be designated as a community  
409 impact zone.

410 (4) Not later than August 1, 2020, the council shall announce its  
411 selections for designated community impact zones. The council may  
412 designate one community impact zone for a municipality with a  
413 population of one hundred thousand or less and two community  
414 impact zones for a municipality with a population of greater than one  
415 hundred thousand. If the council rejects a proposal or does not  
416 designate an area that a community development corporation  
417 proposed, the council may allow such corporation to resubmit a  
418 proposal if a community impact zone has not been designated as set  
419 forth in this subdivision.

420 (5) Not later than February 1, 2021, or as soon as practicable  
421 following the designations of community impact zones, each  
422 community development corporation shall establish an office or  
423 relocate its office within such zone.

424 (g) The council shall establish an annual budget that sets forth the  
425 amounts in the Community Development Corporation Trust Fund to  
426 be invested, the amounts in the fund to be disbursed for programs,  
427 services, activities and expenses for the purposes of sections 1 and 2 of  
428 this act and the amount to be set aside for the purposes of subsection  
429 (j) of this section. The council, in consultation with the Treasurer and  
430 the chief executive officer of the Connecticut Green Bank established  
431 under section 16-245n of the general statutes, shall adopt an  
432 investment plan with the goals of yielding investment returns over the  
433 long-term to support the programs, services, activities and efforts for  
434 the purposes of sections 1 and 2 of this act and supporting a  
435 substantial portion of the fund's annual expenditures from the  
436 investment returns. The initial investment plan shall set forth an  
437 investment strategy for not less than twenty years and the council may  
438 revise such plan from time to time by affirmative vote. The council  
439 shall annually review such plan and the investment returns generated  
440 and shall adjust the amount of moneys to be invested and disbursed  
441 each year accordingly.

442 (h) (1) The council shall set aside an amount in its annual budget  
443 equal to the amount appropriated in the state budget act for the  
444 intensive reading instruction program established under section 10-  
445 14u of the general statutes, provided such amount set aside shall not  
446 exceed three million dollars each year. The amount to be set aside  
447 under this subsection may be reduced if there are insufficient moneys  
448 in the fund to provide for the purposes set forth in sections 1 and 2 of  
449 this act and for the entire amount of the set-aside specified under this  
450 subdivision.

451 (2) The council shall make such moneys available for the  
452 implementation or support of said reading instruction program or any  
453 state-wide early literacy initiative developed and implemented by the  
454 Department of Education, regardless of whether such program or  
455 initiative is related to a community impact zone or is eligible for other  
456 community development corporation or community development  
457 credit union programs or other grants or funding. The moneys made  
458 available pursuant to this subdivision shall supplement existing or  
459 other available grants or funding. The council shall establish forms and  
460 criteria to apply for such moneys and shall give primary priority to  
461 applications from schools located in a community impact zone,  
462 provided all such schools submit an application. Any moneys awarded  
463 to such schools shall be distributed on a zone-wide basis to be used  
464 solely for the purpose of making said reading instruction program  
465 available to all students reading below proficiency level who reside or  
466 attend school within the community impact zone. The council shall  
467 give secondary priority to applications from schools located in a  
468 distressed municipality on the basis of the level of student reading  
469 achievement, as determined by the Commissioner of Education.

470 (i) The council shall develop a proposal to allow social impact bonds  
471 to be issued by the state to support public schools located in  
472 community impact zones. Not later than February 1, 2020, the  
473 Secretary of the Office of Policy and Management shall submit a  
474 report, in accordance with the provisions of section 11-4a of the general



475 statutes, to the General Assembly, setting forth the proposal and  
476 including recommendations on ways to leverage the federal qualified  
477 opportunity zones program to support such public schools.

478 (j) (1) The council may cause to have conducted an external,  
479 independent audit of any community development corporation or  
480 community development credit union.

481 (2) The council may request the Auditors of Public Accounts to  
482 perform, and said auditors shall perform, audits and other related  
483 evaluations to facilitate the council's responsibilities established under  
484 sections 1 to 4, inclusive, of this act.

485 (k) Not later than February 1, 2022, and annually thereafter, the  
486 council shall submit a report to the Governor and to the General  
487 Assembly, in accordance with the provisions of section 11-4a of the  
488 general statutes. Such report shall include, but not be limited to, a list  
489 of the community development corporations, community  
490 development credit unions and community impact zones designated  
491 to date, a summary of the programs, services, activities and efforts  
492 undertaken by such corporations and credit unions pursuant to  
493 sections 1 and 2 of this act and the disbursements made from the  
494 Community Development Corporation Trust Fund to support such  
495 programs, services, activities and efforts.

496 Sec. 4. (NEW) (*Effective from passage*) (a) There is established a fund  
497 to be known as the "Community Development Corporation Trust  
498 Fund". The fund shall contain any moneys required by law to be  
499 deposited in the fund and shall be held in trust separate and apart  
500 from all other moneys, funds and accounts. Investment earnings  
501 credited to the assets of the fund shall become part of the assets of said  
502 fund. Any balance remaining in the fund at the end of any fiscal year  
503 shall be carried forward in the fund for the fiscal year next succeeding.  
504 Moneys in the fund shall be expended by the community development  
505 corporation oversight council established pursuant to section 3 of this

506 act to be used for the purposes set forth in sections 1 and 2 of this act.

507 (b) The Treasurer shall invest the amounts on deposit in the fund in  
508 a manner reasonable and appropriate to achieve the objectives of the  
509 fund, exercising the discretion and care of a prudent person in similar  
510 circumstances with similar objectives. The Treasurer shall give due  
511 consideration to rate of return, risk, term or maturity, diversification of  
512 the total portfolio within the fund, liquidity, the projected  
513 disbursements and expenditures, and the expected payments,  
514 deposits, contributions and gifts to be received. The Treasurer shall not  
515 require the fund to invest directly in obligations of the state or any  
516 political subdivision of the state or in any investment or other fund  
517 administered by the Treasurer. The assets of the fund shall be  
518 continuously invested and reinvested in a manner consistent with the  
519 objectives of the fund until disbursed for the purposes set forth in  
520 sections 1 and 2 of this act.

521 (c) On or before December thirty-first, annually, the Treasurer shall  
522 submit a financial report, in accordance with the provisions of section  
523 11-4a of the general statutes, to the community development  
524 corporation oversight council and the joint standing committee of the  
525 General Assembly having cognizance of matters relating to finance,  
526 revenue and bonding, setting forth the receipts, disbursements, assets,  
527 investments, liabilities and administrative costs of the fund for the  
528 prior fiscal year.

529 Sec. 5. (NEW) (*Effective from passage*) (a) (1) Each entity that (A) is  
530 exempt from paying property tax pursuant to Section 501(c) of the  
531 Internal Revenue Code of 1986, or any subsequent corresponding  
532 internal revenue code of the United States, as amended from time to  
533 time, including a community development corporation described in  
534 section 1 of this act, and (B) (i) owns college or hospital property, as  
535 described in subsection (a) of section 12-20a of the general statutes, that  
536 is subject to the grants in lieu of taxes program under section 12-18b of  
537 the general statutes, or (ii) maintains a pension fund, endowment fund

538 or other significant savings fund or account, shall pay a fee annually to  
539 the Treasurer for deposit in the community development account  
540 established under subsection (d) of this section.

541 (2) Such fee shall be equal to twenty-five per cent of the amount of  
542 the property tax, calculated annually, that the entity would have paid  
543 on such real property at the mill rate applicable for each assessment  
544 year. Such payment shall be accompanied by a form, prescribed by the  
545 Treasurer, that includes the name and address of the entity, the  
546 calculated amount, the amount of the payment and any other  
547 information the Treasurer requires for the purpose of this subsection.

548 (3) On and after the date the community development corporation  
549 oversight council, established under section 3 of this act, designates  
550 community impact zones in accordance with the provisions of said  
551 section, any entity paying the fee pursuant to this subsection may  
552 specify to the Treasurer the community impact zone within the  
553 municipality in which the real property is located to which such fee  
554 payment shall be directed.

555 (b) In addition to the entities specified under subsection (a) of this  
556 section, each municipality and the state shall pay the fee calculated  
557 pursuant to subdivision (2) of subsection (a) of this section, except that  
558 the state shall calculate its fee payment based on the average mill rate  
559 of all municipalities in the state.

560 (c) Except as specified under subdivision (3) of subsection (a) of this  
561 section and subdivision (3) of this subsection, the Treasurer shall  
562 annually disburse each fee payment to the community development  
563 credit union designated pursuant to section 2 of this act that is located  
564 in the distressed municipality, as defined in section 32-9p of the  
565 general statutes, within which the real property described under  
566 subdivision (1) of subsection (a) of this section is located.

567 (1) If no such credit union has been designated yet for such  
568 municipality, the fee under subsection (a) of this section shall not be

569 required to be paid by the entity or municipality.

570 (2) If (A) a designated community development credit union elects  
571 to be removed from or is removed from such designation and no  
572 replacement has been designated, or (B) such real property is not  
573 located within a distressed municipality, the Treasurer, in consultation  
574 with the community development corporation oversight council, may  
575 (i) disburse fees paid by the entity whose real property is located  
576 within such municipality to all community development credit unions  
577 located in community impact zones within another municipality, or (ii)  
578 transfer such fees to an evergreen account within the Community  
579 Development Corporation Trust Fund established under section 4 of  
580 this act.

581 (3) The Treasurer shall disburse annually each fee payment (A)  
582 made by a municipality to the community development credit union  
583 located within such municipality, and (B) made by the state to all  
584 community development credit unions in the state in equal amounts.

585 (d) Each community development credit union that receives fee  
586 payments made pursuant to subsection (a) of this section shall  
587 administer individual accounts for each entity making such payments  
588 and shall invest such payments in a manner determined by such credit  
589 union, provided any returns generated by investing such payments  
590 shall be distributed annually as follows: (1) One-sixth shall be  
591 deposited in an evergreen account within the Community  
592 Development Corporation Trust Fund established under section 4 of  
593 this act, to be continually reinvested; (2) one-third shall be returned to  
594 the entity that remitted payments pursuant to subdivision (1) of  
595 subsection (a) of this section, provided an entity may elect to reinvest  
596 such return with such credit union; and (3) one-half shall be made  
597 available for disbursements to community development corporations  
598 and community development credit unions for eligible programs,  
599 services, activities and efforts approved by the community  
600 development corporation oversight council.

601 (e) There is established an account to be known as the "community  
602 development account" which shall be a separate, nonlapsing account  
603 within the General Fund. The account shall contain any moneys  
604 required by law to be deposited in the account. Moneys in the account  
605 shall be expended by Treasurer, in consultation with the community  
606 development corporation oversight council established under section 3  
607 of this act, in accordance with the provisions of this section.

608 Sec. 6. (NEW) (*Effective from passage*) (a) As used in this section:

609 (1) (A) "Cannabis" means (i) all parts of any plant or species of the  
610 genus cannabis or any infra specific taxon thereof, whether growing or  
611 not, (ii) the seeds thereof, (iii) the resin extracted from any part of the  
612 plant, and (iv) every compound, manufacture, salt, derivative, mixture  
613 or preparation of such plant, its seeds or resin. "Cannabis" includes  
614 cannabimon, cannabimol and cannabidiol.

615 (B) "Cannabis" does not include (i) the mature stalks of such plant,  
616 (ii) fiber produced from such stalks, (iii) oil or cake made from the  
617 seeds of such plant, (iv) any other compound, manufacture, salt,  
618 derivative, mixture or preparation of such mature stalks except the  
619 resin extracted therefrom, (v) fiber, oil, or cake, (vi) the sterilized seed  
620 of such plant, which is incapable of germination, (vii) industrial hemp,  
621 as defined in 7 USC 5940, as amended from time to time, or (viii)  
622 marijuana cultivated or sold for palliative use pursuant to chapter 420f  
623 of the general statutes.

624 (2) "Cannabis product" means a cannabis concentrate or a product  
625 that contains cannabis, which may be combined with other  
626 ingredients, and is intended for use or consumption. Cannabis  
627 concentrate includes tinctures and extracts;

628 (3) "Cannabis cultivation facility" means a facility licensed by the  
629 Cannabis Commission to cultivate, prepare and package cannabis and  
630 sell cannabis to cannabis product manufacturing facilities, cannabis  
631 retailers and other cannabis cultivation facilities;

632 (4) "Cannabis product manufacturing facility" means a facility  
633 licensed by the Cannabis Commission to purchase cannabis from  
634 cannabis cultivation facilities, manufacture, prepare and package  
635 cannabis products and sell cannabis and cannabis products to cannabis  
636 retailers and other cannabis product manufacturing facilities;

637 (5) "Cannabis retailer" means a person licensed by the Cannabis  
638 Commission to purchase cannabis from cannabis cultivation facilities  
639 as well as to purchase cannabis and cannabis products from cannabis  
640 product manufacturing facilities and to sell cannabis and cannabis  
641 products to consumers;

642 (6) "Consumer" means an individual who is twenty-one years of age  
643 or older; and

644 (7) "Cannabis Commission" means the commission established  
645 under section 2 of house bill 7371 of the current session.

646 (b) (1) On and after the date the Cannabis Commission first issues a  
647 license to a cannabis cultivation facility, there is imposed a tax on such  
648 facilities on the first sale of cannabis within the state at the rate of  
649 thirty-five dollars per ounce of cannabis flowers and thirteen dollars  
650 and fifty cents per ounce of cannabis trim.

651 (2) Each cannabis cultivation facility making such sales shall file  
652 with the Commissioner of Revenue Services, on or before the last day  
653 of each calendar quarter, a return for the calendar quarter immediately  
654 preceding. Such returns shall be in such form and contain such  
655 information as the commissioner prescribes, and shall be accompanied  
656 by a payment of the amount of the tax shown to be due thereon.

657 (3) The commissioner shall deposit the amounts received by the  
658 state from the tax imposed under subdivision (1) of this subsection into  
659 the Community Development Corporation Trust Fund established  
660 under section 4 of this act.

661 (c) If any person fails to pay the amount of tax reported due on its  
662 report within the time specified under this section, there shall be  
663 imposed a penalty equal to ten per cent of such amount due and  
664 unpaid, or fifty dollars, whichever is greater. Such amount shall bear  
665 interest at the rate of one per cent per month or fraction thereof, from  
666 the due date of such tax until the date of payment. Subject to the  
667 provisions of section 12-3a of the general statutes, the commissioner  
668 may waive all or part of the penalties provided under this section  
669 when it is proven to the commissioner's satisfaction that the failure to  
670 pay any tax was due to reasonable cause and was not intentional or  
671 due to neglect.

672 (d) Each person, other than a cannabis cultivation facility, who is  
673 required, on behalf of such facility, to collect, truthfully account for  
674 and pay over a tax imposed on such facility under this section and  
675 who wilfully fails to collect, truthfully account for and pay over such  
676 tax or who wilfully attempts in any manner to evade or defeat the tax  
677 or the payment thereof, shall, in addition to other penalties provided  
678 by law, be liable for a penalty equal to the total amount of the tax  
679 evaded, or not collected, or not accounted for and paid over, including  
680 any penalty or interest attributable to such wilful failure to collect or  
681 truthfully account for and pay over such tax or such wilful attempt to  
682 evade or defeat such tax, provided such penalty shall only be imposed  
683 against such person in the event that such tax, penalty or interest  
684 cannot otherwise be collected from such facility. The amount of such  
685 penalty with respect to which a person may be personally liable under  
686 this section shall be collected in accordance with the provisions of  
687 section 12-555a of the general statutes and any amount so collected  
688 shall be allowed as a credit against the amount of such tax, penalty or  
689 interest due and owing from the facility. The dissolution of the facility  
690 shall not discharge any person in relation to any personal liability  
691 under this section for wilful failure to collect or truthfully account for  
692 and pay over such tax or for a wilful attempt to evade or defeat such  
693 tax prior to dissolution, except as otherwise provided in this section.

694 For purposes of this section, "person" includes any individual,  
695 corporation, limited liability company or partnership and any officer  
696 or employee of any corporation, including a dissolved corporation,  
697 and a member or employee of any partnership or limited liability  
698 company who, as such officer, employee or member, is under a duty to  
699 file a tax return under this section on behalf of a cannabis cultivation  
700 facility or to collect or truthfully account for and pay over a tax  
701 imposed under this section on behalf of such facility.

702 (e) No tax credit or credits shall be allowable against the tax  
703 imposed under this section.

704 (f) The provisions of sections 12-551 to 12-554, inclusive, and section  
705 12-555a of the general statutes shall apply to the provisions of this  
706 section in the same manner and with the same force and effect as if the  
707 language of said sections had been incorporated in full into this section  
708 and had expressly referred to the tax under this section, except to the  
709 extent that any provision is inconsistent with a provision in this  
710 section.

711 (g) The commissioner may adopt regulations, in accordance with  
712 the provisions of chapter 54 of the general statutes, to implement the  
713 provisions of this section.

714 (h) At the close of each fiscal year in which the tax imposed under  
715 the provisions of this section are received by the commissioner, the  
716 Comptroller is authorized to record as revenue for such fiscal year the  
717 amounts of such tax that are received by the commissioner not later  
718 than five business days from the last day of July immediately  
719 following the end of such fiscal year.

720 Sec. 7. (NEW) (*Effective from passage*) (a) As used in this section, (1)  
721 "cannabis", "cannabis product", "cannabis retailer" and "Cannabis  
722 Commission" have the same meanings as provided in section 6 of this  
723 act, and (2) "municipality" means any town, city or borough,  
724 consolidated town and city or consolidated town and borough.



725 (b) (1) On and after the date the Cannabis Commission first issues a  
726 license to a cannabis retailer, there is imposed a local sales tax at the  
727 rate of three per cent on the sale of all cannabis and cannabis products.  
728 Such tax shall be in addition to the tax applicable to such sales under  
729 section 12-408 of the general statutes, as amended by this act.

730 (2) Each cannabis retailer making such sales shall file with the  
731 commissioner, on or before the last day of each calendar quarter, a  
732 return for the calendar quarter immediately preceding. Such returns  
733 shall be in such form and contain such information as the  
734 commissioner prescribes and shall indicate the municipality in which  
735 such sales occurred, and shall be accompanied by a payment of the  
736 total amount of tax shown to be due thereon.

737 (c) The commissioner shall deposit any local sales tax collected  
738 pursuant to subsection (b) of this section into the municipal cannabis  
739 revenue account established under subsection (d) of this section.

740 (d) There is established an account to be known as the "municipal  
741 cannabis revenue account" which shall be a separate account within  
742 the General Fund. The account shall contain any moneys required by  
743 law to be deposited in the account. Moneys in the account shall be  
744 expended by the Commissioner of Revenue Services for the purpose of  
745 providing moneys in accordance with this section to municipalities in  
746 which cannabis retailers are selling cannabis and cannabis products to  
747 consumers.

748 (e) (1) The commissioner shall maintain (A) an accounting of all  
749 sums deposited in the account, aggregated by municipality, (B) a  
750 listing of sums remitted by each cannabis retailer, and (C) such other  
751 information as the commissioner deems necessary for the purposes of  
752 this section.

753 (2) Commencing in the second calendar quarter following the initial  
754 deposit into the account, the commissioner shall distribute on a  
755 quarterly basis a sum, calculated on a point-of-sale basis, to each

756 municipality in which a cannabis retailer is located and for which a  
757 point-of-sale can be determined. Any moneys remaining in the account  
758 at the close of the fiscal year for which no point-of-sale can be  
759 determined shall be transferred to the Community Development  
760 Corporation Trust Fund established under section 4 of this act.

761 (3) The commissioner shall make available to each municipality in  
762 which a cannabis retailer is located any information concerning such  
763 municipality that is maintained under subdivision (1) of this  
764 subsection.

765 (f) If any person fails to pay the amount of tax reported due on its  
766 report within the time specified under this section, there shall be  
767 imposed a penalty equal to ten per cent of such amount due and  
768 unpaid, or fifty dollars, whichever is greater. Such amount shall bear  
769 interest at the rate of one per cent per month or fraction thereof, from  
770 the due date of such tax until the date of payment. Subject to the  
771 provisions of section 12-3a of the general statutes, the commissioner  
772 may waive all or part of the penalties provided under this section  
773 when it is proven to the commissioner's satisfaction that the failure to  
774 pay any tax was due to reasonable cause and was not intentional or  
775 due to neglect.

776 (g) Each person, other than a cannabis retailer, who is required, on  
777 behalf of such retailer, to collect, truthfully account for and pay over a  
778 tax imposed on such retailer under this section and who wilfully fails  
779 to collect, truthfully account for and pay over such tax or who wilfully  
780 attempts in any manner to evade or defeat the tax or the payment  
781 thereof, shall, in addition to other penalties provided by law, be liable  
782 for a penalty equal to the total amount of the tax evaded, or not  
783 collected, or not accounted for and paid over, including any penalty or  
784 interest attributable to such wilful failure to collect or truthfully  
785 account for and pay over such tax or such wilful attempt to evade or  
786 defeat such tax, provided such penalty shall only be imposed against  
787 such person in the event that such tax, penalty or interest cannot

788 otherwise be collected from such retailer. The amount of such penalty  
789 with respect to which a person may be personally liable under this  
790 section shall be collected in accordance with the provisions of section  
791 12-555a of the general statutes and any amount so collected shall be  
792 allowed as a credit against the amount of such tax, penalty or interest  
793 due and owing from the retailer. The dissolution of the retailer shall  
794 not discharge any person in relation to any personal liability under this  
795 section for wilful failure to collect or truthfully account for and pay  
796 over such tax or for a wilful attempt to evade or defeat such tax prior  
797 to dissolution, except as otherwise provided in this section. For  
798 purposes of this section, "person" includes any individual, corporation,  
799 limited liability company or partnership and any officer or employee  
800 of any corporation, including a dissolved corporation, and a member  
801 or employee of any partnership or limited liability company who, as  
802 such officer, employee or member, is under a duty to file a tax return  
803 under this section on behalf of a cannabis retailer or to collect or  
804 truthfully account for and pay over a tax imposed under this section  
805 on behalf of such retailer.

806 (h) No tax credit or credits shall be allowable against the tax  
807 imposed under this section.

808 (i) The provisions of sections 12-551 to 12-554, inclusive, and section  
809 12-555a of the general statutes shall apply to the provisions of this  
810 section in the same manner and with the same force and effect as if the  
811 language of said sections had been incorporated in full into this section  
812 and had expressly referred to the tax under this section, except to the  
813 extent that any provision is inconsistent with a provision in this  
814 section.

815 (j) The commissioner may adopt regulations, in accordance with the  
816 provisions of chapter 54 of the general statutes, to implement the  
817 provisions of this section.

818 (k) At the close of each fiscal year in which the tax imposed under

819 the provisions of this section are received by the commissioner, the  
820 Comptroller is authorized to record as revenue for such fiscal year the  
821 amounts of such tax that are received by the commissioner not later  
822 than five business days from the last day of July immediately  
823 following the end of such fiscal year.

824 Sec. 8. Subdivision (1) of section 12-408 of the general statutes is  
825 repealed and the following is substituted in lieu thereof (*Effective from*  
826 *passage*):

827 (1) (A) For the privilege of making any sales, as defined in  
828 subdivision (2) of subsection (a) of section 12-407, at retail, in this state  
829 for a consideration, a tax is hereby imposed on all retailers at the rate  
830 of six and thirty-five-hundredths per cent of the gross receipts of any  
831 retailer from the sale of all tangible personal property sold at retail or  
832 from the rendering of any services constituting a sale in accordance  
833 with subdivision (2) of subsection (a) of section 12-407, except, in lieu  
834 of said rate, [of six and thirty-five-hundredths per cent,] the rates  
835 provided in subparagraphs (B) to (H), inclusive, of this subdivision;

836 (B) (i) At a rate of fifteen per cent with respect to each transfer of  
837 occupancy, from the total amount of rent received by a hotel or  
838 lodging house for the first period not exceeding thirty consecutive  
839 calendar days;

840 (ii) At a rate of eleven per cent with respect to each transfer of  
841 occupancy, from the total amount of rent received by a bed and  
842 breakfast establishment for the first period not exceeding thirty  
843 consecutive calendar days;

844 (C) With respect to the sale of a motor vehicle to any individual who  
845 is a member of the armed forces of the United States and is on full-time  
846 active duty in Connecticut and who is considered, under 50 App USC  
847 574, a resident of another state, or to any such individual and the  
848 spouse thereof, at a rate of four and one-half per cent of the gross  
849 receipts of any retailer from such sales, provided such retailer requires

850 and maintains a declaration by such individual, prescribed as to form  
851 by the commissioner and bearing notice to the effect that false  
852 statements made in such declaration are punishable, or other evidence,  
853 satisfactory to the commissioner, concerning the purchaser's state of  
854 residence under 50 App USC 574;

855 (D) (i) With respect to the sales of computer and data processing  
856 services occurring on or after July 1, 2001, at the rate of one per cent,  
857 and (ii) with respect to sales of Internet access services, on and after  
858 July 1, 2001, such services shall be exempt from such tax;

859 (E) (i) With respect to the sales of labor that is otherwise taxable  
860 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of  
861 section 12-407 on existing vessels and repair or maintenance services  
862 on vessels occurring on and after July 1, 1999, such services shall be  
863 exempt from such tax;

864 (ii) With respect to the sale of a vessel, a motor for a vessel or a  
865 trailer used for transporting a vessel, at the rate of two and ninety-  
866 nine-hundredths per cent, except that the sale of a vessel shall be  
867 exempt from such tax if such vessel is docked in this state for sixty or  
868 fewer days in a calendar year;

869 (F) With respect to patient care services for which payment is  
870 received by the hospital on or after July 1, 1999, and prior to July 1,  
871 2001, at the rate of five and three-fourths per cent and on and after July  
872 1, 2001, such services shall be exempt from such tax;

873 (G) With respect to the rental or leasing of a passenger motor  
874 vehicle for a period of thirty consecutive calendar days or less, at a rate  
875 of nine and thirty-five-hundredths per cent;

876 (H) With respect to the sale of (i) a motor vehicle for a sales price  
877 exceeding fifty thousand dollars, at a rate of seven and three-fourths  
878 per cent on the entire sales price, (ii) jewelry, whether real or imitation,  
879 for a sales price exceeding five thousand dollars, at a rate of seven and

880 three-fourths per cent on the entire sales price, and (iii) an article of  
881 clothing or footwear intended to be worn on or about the human body,  
882 a handbag, luggage, umbrella, wallet or watch for a sales price  
883 exceeding one thousand dollars, at a rate of seven and three-fourths  
884 per cent on the entire sales price. For purposes of this subparagraph,  
885 "motor vehicle" has the meaning provided in section 14-1, but does not  
886 include a motor vehicle subject to the provisions of subparagraph (C)  
887 of this subdivision, a motor vehicle having a gross vehicle weight  
888 rating over twelve thousand five hundred pounds, or a motor vehicle  
889 having a gross vehicle weight rating of twelve thousand five hundred  
890 pounds or less that is not used for private passenger purposes, but is  
891 designed or used to transport merchandise, freight or persons in  
892 connection with any business enterprise and issued a commercial  
893 registration or more specific type of registration by the Department of  
894 Motor Vehicles;

895 (I) The rate of tax imposed by this chapter shall be applicable to all  
896 retail sales upon the effective date of such rate, except that a new rate  
897 which represents an increase in the rate applicable to the sale shall not  
898 apply to any sales transaction wherein a binding sales contract without  
899 an escalator clause has been entered into prior to the effective date of  
900 the new rate and delivery is made within ninety days after the effective  
901 date of the new rate. For the purposes of payment of the tax imposed  
902 under this section, any retailer of services taxable under subdivision  
903 (37) of subsection (a) of section 12-407, who computes taxable income,  
904 for purposes of taxation under the Internal Revenue Code of 1986, or  
905 any subsequent corresponding internal revenue code of the United  
906 States, as from time to time amended, on an accounting basis which  
907 recognizes only cash or other valuable consideration actually received  
908 as income and who is liable for such tax only due to the rendering of  
909 such services may make payments related to such tax for the period  
910 during which such income is received, without penalty or interest,  
911 without regard to when such service is rendered;

912 (J) (i) For calendar quarters ending on or after September 30, 2019,

913 the commissioner shall deposit into the regional planning incentive  
914 account, established pursuant to section 4-66k, six and seven-tenths  
915 per cent of the amounts received by the state from the tax imposed  
916 under subparagraph (B) of this subdivision and ten and seven-tenths  
917 per cent of the amounts received by the state from the tax imposed  
918 under subparagraph (G) of this subdivision;

919 (ii) For calendar quarters ending on or after September 30, 2018, the  
920 commissioner shall deposit into the Tourism Fund established under  
921 section 10-395b ten per cent of the amounts received by the state from  
922 the tax imposed under subparagraph (B) of this subdivision;

923 (K) For calendar months commencing on or after July 1, 2021, the  
924 commissioner shall deposit into the municipal revenue sharing  
925 account established pursuant to section 4-66l seven and nine-tenths per  
926 cent of the amounts received by the state from the tax imposed under  
927 subparagraph (A) of this subdivision; [and]

928 (L) (i) For calendar months commencing on or after July 1, 2017, the  
929 commissioner shall deposit into the Special Transportation Fund  
930 established under section 13b-68 seven and nine-tenths per cent of the  
931 amounts received by the state from the tax imposed under  
932 subparagraph (A) of this subdivision;

933 (ii) For calendar months commencing on or after July 1, 2018, but  
934 prior to July 1, 2019, the commissioner shall deposit into the Special  
935 Transportation Fund established under section 13b-68 eight per cent of  
936 the amounts received by the state from the tax imposed under  
937 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
938 vehicle;

939 (iii) For calendar months commencing on or after July 1, 2019, but  
940 prior to July 1, 2020, the commissioner shall deposit into the Special  
941 Transportation Fund established under section 13b-68 thirty-three per  
942 cent of the amounts received by the state from the tax imposed under  
943 subparagraphs (A) and (H) of this subdivision on the sale of a motor

944 vehicle;

945 (iv) For calendar months commencing on or after July 1, 2020, but  
946 prior to July 1, 2021, the commissioner shall deposit into the Special  
947 Transportation Fund established under section 13b-68 fifty-six per cent  
948 of the amounts received by the state from the tax imposed under  
949 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
950 vehicle;

951 (v) For calendar months commencing on or after July 1, 2021, but  
952 prior to July 1, 2022, the commissioner shall deposit into the Special  
953 Transportation Fund established under section 13b-68 seventy-five per  
954 cent of the amounts received by the state from the tax imposed under  
955 subparagraphs (A) and (H) of this subdivision on the sale of a motor  
956 vehicle; and

957 (vi) For calendar months commencing on or after July 1, 2022, the  
958 commissioner shall deposit into the Special Transportation Fund  
959 established under section 13b-68 one hundred per cent of the amounts  
960 received by the state from the tax imposed under subparagraphs (A)  
961 and (H) of this subdivision on the sale of a motor vehicle; and

962 (M) For calendar quarters ending on or after the initial deposit of the  
963 tax on the sale of cannabis and cannabis products, as both terms are  
964 defined in section 6 of this act, the commissioner shall deposit into the  
965 Community Development Corporation Trust Fund established under  
966 section 4 of this act one hundred per cent of the amounts received by  
967 the state from the tax imposed under this section.

968 Sec. 9. Section 36a-455a of the general statutes is repealed and the  
969 following is substituted in lieu thereof (*Effective from passage*):

970 A Connecticut credit union may:

971 (1) Transact a general credit union business and exercise by its  
972 governing board or duly authorized members of senior management,



973 subject to applicable law, all such incidental powers as are consistent  
974 with its purposes. The express powers authorized for a Connecticut  
975 credit union under this section do not preclude the existence of  
976 additional powers deemed to be incidental to the transaction of a  
977 general credit union business pursuant to this subdivision;

978 (2) (A) Issue shares to its members and receive payments on shares  
979 from its members and from those nonmembers specified in subsection  
980 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to  
981 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, (B)  
982 receive deposits of members and nonmembers subject to provisions of  
983 sections 36a-456a and 36a-456b, (C) reduce the amount of its member  
984 and nonmember shares and deposits, (D) expel members and cancel  
985 shares in accordance with section 36a-439a, and (E) provide check  
986 cashing and wire and electronic transfer services to nonmembers who  
987 are within such credit union's field of membership;

988 (3) Make and use its best efforts to make secured and unsecured  
989 loans and other extensions of credit to its members in accordance with  
990 section 36a-265 and sections 36a-457a, 36a-457b and 36a-458a;

991 (4) Invest its funds in accordance with section 36a-459a;

992 (5) Declare and pay dividends in accordance with sections 36a-441a  
993 and 36a-456c, and pay interest refunds to borrowers;

994 (6) Act as a finder or agent for the sale of insurance and fixed and  
995 variable rate annuities directly, sell insurance and such annuities  
996 indirectly through a Connecticut credit union service organization, or  
997 enter into arrangements with third-party marketing organizations for  
998 the sale by such third-party marketing organizations of insurance or  
999 such annuities on the premises of the Connecticut credit union or to  
1000 members of the Connecticut credit union, provided: (A) Such  
1001 insurance and annuities are issued or purchased by or from an  
1002 insurance company licensed in accordance with section 38a-41; and (B)  
1003 the Connecticut credit union, Connecticut credit union service

1004 organization or third-party marketing organization, and any officer  
1005 and employee thereof, shall be licensed as required by section 38a-769  
1006 before engaging in any of the activities authorized by this subdivision.  
1007 As used in this subdivision, "annuities" and "insurance" have the same  
1008 meanings as set forth in section 38a-41, except that "insurance" does  
1009 not include title insurance. The provisions of this subdivision do not  
1010 authorize a Connecticut credit union or Connecticut credit union  
1011 service organization to underwrite insurance or annuities;

1012 (7) Borrow money to an amount not exceeding fifty per cent of the  
1013 total assets of the Connecticut credit union provided the credit union  
1014 shall give prior notice to the commissioner in writing of its intention to  
1015 borrow amounts in excess of thirty-five per cent of its total assets;

1016 (8) Act as fiscal agent for the federal government, this state or any  
1017 agency or political subdivision thereof;

1018 (9) Provide loan processing, loan servicing, member check and  
1019 money order cashing services, disbursement of share withdrawals and  
1020 loan proceeds, money orders, internal audits, automated teller  
1021 machine services, ACH and wire transfer services, prepaid debit cards,  
1022 payroll cards, digital wallet services, coin and currency services,  
1023 remote deposit capture services, electronic banking and other similar  
1024 services to other Connecticut credit unions, federal credit unions,  
1025 federally insured financial institutions and out-of-state credit unions;

1026 (10) Provide finder services to its members, including the offering of  
1027 third party products and services through the sale of advertising space  
1028 on its web site, account statements and receipts, and the sale of  
1029 statistical or consumer financial information to outside vendors in  
1030 accordance with sections 36a-40 to 36a-45, inclusive, in order to  
1031 facilitate the sale of such products to the members of such Connecticut  
1032 credit union;

1033 (11) With the prior approval of the commissioner, exercise fiduciary  
1034 powers;

1035 (12) Maintain and rent safe deposit boxes within suitably  
1036 constructed vaults, provided the Connecticut credit union has  
1037 adequate insurance coverage for losses related to such rental;

1038 (13) Provide certification services, including notary services,  
1039 signature guaranties, certification of electronic signatures and share  
1040 draft certifications;

1041 (14) Act as agent (A) in the collection of taxes for any qualified  
1042 treasurer of any taxing district or qualified collector of taxes, or (B) for  
1043 any electric distribution, gas, water or telephone company operating  
1044 within this state in receiving moneys due such company for utility  
1045 services furnished by it;

1046 (15) Issue and sell securities which (A) are guaranteed by the  
1047 Federal National Mortgage Association or any other agency or  
1048 instrumentality authorized by state or federal law to create a  
1049 secondary market with respect to extensions of credit of the type  
1050 originated by the Connecticut credit union, or (B) subject to the  
1051 approval of the commissioner, relate to extensions of credit originated  
1052 by the Connecticut credit union and are guaranteed or insured by a  
1053 financial guaranty insurance company or comparable private entity;

1054 (16) Establish a charitable fund, either in the form of a charitable  
1055 trust or a nonprofit corporation to assist in making charitable  
1056 contributions, provided (A) the trust or nonprofit corporation is  
1057 exempt from federal income taxation and may accept charitable  
1058 contributions under Section 501 of the Internal Revenue Code of 1986,  
1059 or any subsequent corresponding internal revenue code of the United  
1060 States, as from time to time amended, (B) the trust or nonprofit  
1061 corporation's operations are disclosed fully to the commissioner upon  
1062 request, and (C) the trust department of the credit union or one or  
1063 more directors or members of senior management of the credit union  
1064 act as trustees or directors of the fund;

1065 (17) In the discretion of a majority of its governing board, make

1066 contributions or gifts to or for the use of any corporation, trust or  
1067 community chest, fund or foundation created or organized under the  
1068 laws of the United States or of this state and organized and operated  
1069 exclusively for charitable, educational or public welfare purposes, or of  
1070 any hospital which is located in this state and which is exempt from  
1071 federal income taxes and to which contributions are deductible under  
1072 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent  
1073 corresponding internal revenue code of the United States, as from time  
1074 to time amended;

1075 (18) Subject to the provisions of section 36a-455b, sell, pledge or  
1076 assign any or all of its outstanding extensions of credit to any other  
1077 lending institution, credit union service organization or quasi-  
1078 governmental entity and any government-sponsored enterprise, and  
1079 act as collecting, remitting and servicing agent in connection with any  
1080 such extension of credit and charge for its acts as agent. Any such  
1081 credit union may purchase the minimum amount of capital stock of  
1082 such entity or enterprise if required by that entity or enterprise to be  
1083 purchased in connection with the sale, pledge or assignment of  
1084 extensions of credit to that entity or enterprise and may hold and  
1085 dispose of such stock, provided that with respect to purchases of stock  
1086 of a credit union service organization, the Connecticut credit union  
1087 shall not exceed the limitations of section 36a-459a. A Connecticut  
1088 credit union may purchase one or more outstanding extensions of  
1089 credit from any other lending institution and any federally-recognized  
1090 Native American tribe, provided there exists a formal written  
1091 agreement with tribal government to permit the credit union to service  
1092 and collect on such extensions of credit;

1093 (19) Subject to the provisions of section 36a-455b, sell a participating  
1094 interest in any or all of its outstanding extensions of credit to and  
1095 purchase a participating interest in any or all of the outstanding  
1096 extensions of credit of any financial institution or credit union service  
1097 organization pursuant to an appropriate written participation and  
1098 servicing agreement to be signed by all parties involved in such

1099 transaction;

1100 (20) With the approval of the commissioner, join the Federal Home  
1101 Loan Bank System and borrow funds as provided under federal law;

1102 (21) Subject to the provisions of section 36a-455b, sell all or part of  
1103 its assets, other than extensions of credit, to other lending institutions,  
1104 purchase all or part of the assets, other than extensions of credit, of  
1105 other lending institutions, and assume all or part of the shares and the  
1106 liabilities of any other credit union or out-of-state credit union;

1107 (22) With the prior written approval of the commissioner, engage in  
1108 closely related activities, unless the commissioner determines that any  
1109 such activity shall be conducted by a credit union service organization  
1110 of the Connecticut credit union, utilizing such organizational,  
1111 structural or other safeguards as the commissioner may require, in  
1112 order to protect the Connecticut credit union from exposure to loss. As  
1113 used in this subdivision, "closely related activities" means those  
1114 activities that are closely related, convenient and necessary to the  
1115 business of a Connecticut credit union, are reasonably related to the  
1116 operation of a Connecticut credit union or are financial in nature  
1117 including, but not limited to, business and professional services, data  
1118 processing, courier and messenger services, credit-related activities,  
1119 consumer services, services related to real estate, financial consulting,  
1120 tax planning and preparation, community development activities, or  
1121 any activities reasonably related to such activities;

1122 (23) Engage in any activity that a federal credit union or out-of-state  
1123 credit union may be authorized to engage in under state or federal law,  
1124 provided the Connecticut credit union file with the commissioner prior  
1125 written notice of its intention to engage in such activity. Such notice  
1126 shall include a description of the activity, a description of the financial  
1127 impact of the activity on the Connecticut credit union, citation of the  
1128 legal authority to engage in the activity under state or federal law, a  
1129 description of any limitations or restrictions imposed on such activity

1130 under state or federal law, and any other information that the  
 1131 commissioner may require. The Connecticut credit union may engage  
 1132 in any such activity unless the commissioner disapproves such activity  
 1133 not later than thirty days after the notice is filed. The commissioner  
 1134 may adopt regulations in accordance with chapter 54 to ensure that  
 1135 any such activity is conducted in a safe and sound manner with  
 1136 adequate consumer protections. The provisions of this subdivision do  
 1137 not authorize a Connecticut credit union or a Connecticut credit union  
 1138 service organization to sell title insurance;

1139 (24) (A) Partner with a community development corporation, as  
 1140 described in section 1 of this act, and be designated as a community  
 1141 development credit union in accordance with the provisions of section  
 1142 2 of this act, (B) if so designated, engage in any activity authorized for  
 1143 a community development credit union under sections 1 and 2 of this  
 1144 act, and (C) issue social impact bonds in accordance with subdivision  
 1145 (5) of subsection (c) of section 2 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	12-408(1)
Sec. 9	<i>from passage</i>	36a-455a

**Statement of Purpose:**

To implement certain community restoration and revitalization efforts through community development corporations, community development credit unions and community impact zones, using tax revenue from the sale of cannabis and cannabis products and deposits in lieu of taxes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*