OLR Bill Analysis
SB 570

AN ACT CONCERNING OPPORTUNITY ZONES.

SUMMARY
This bill makes projects to develop any of the state’s federally designated opportunity zones eligible for assistance from the Department of Economic and Community Development’s (DECD) Office of the Permit Ombudsman. By law, the office coordinates expedited permit reviews of eligible economic development projects with the transportation, public health, and energy and environmental protection departments.

The bill also requires the DECD commissioner to study the federal opportunity zone program and how the state may incentivize its use and, by February 1, 2020, report his findings and recommendations to the Commerce Committee.

Lastly, the bill requires the DECD commissioner, by January 1, 2020, to collaborate with local, private, and civic partners to host at least five regional events advertising the state’s opportunity zones.

EFFECTIVE DATE: Upon passage, except the permit ombudsman provision is effective July 1, 2019

DECD OPPORTUNITY ZONE STUDY
Under the bill, DECD’s study must do the following:

1. identify corporations and other beneficiaries of capital gains within the state to develop a strategy to focus their qualified opportunity fund investments locally and encouraging a cycling of capital here;

2. identify existing state incentive programs that may be combined with opportunity zone benefits;
3. identify existing and new incentives for businesses participating in the small business express program to relocate to opportunity zones, including reducing the amount of time a business needs to have been operating in order to qualify for a grant and increasing the grant amount for each job created;

4. develop a plan to issue state bonds to provide low-interest loans to investors who develop mixed-income housing in opportunity zones; and

5. recommend incentives for investors to develop mixed-income housing in the zones that use solar power or other renewable energy sources.

BACKGROUND

Federal Opportunity Zone Program

The federal Opportunity Zone program, created as part of the 2017 federal Tax Cuts and Jobs Act (P.L. 115-97), is designed to spur economic development and job creation in distressed communities by providing federal tax benefits for private investments in the zones. The program’s tax benefits are available to investors that reinvest gains earned on prior investments in a qualified opportunity zone fund that invests in zone businesses. Investors may receive additional tax benefits if they hold their investments in the fund for at least five, seven, or 10 years.

Connecticut has 72 opportunity zones in 27 municipalities that were approved by the U.S. Treasury Department in 2018.

COMMITTEE ACTION

Commerce Committee

Joint Favorable
Yea 19 Nay 0 (03/19/2019)