

OFFICE OF FISCAL ANALYSIS

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sSB-3

AN ACT CONCERNING DIVERSE ECONOMIC OPPORTUNITY,
WORKER PROTECTIONS AND SMALL BUSINESS
REVITALIZATION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Economic & Community Development	GF - Potential Cost	Up to 100,000	None
Department of Economic & Community Development	GF - Revenue Loss	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes a number of changes regarding economic development in the state, the fiscal impacts of which are described below:

Section 1 expands the stranded tax credit program by allowing businesses to exchange stranded Research & Development tax credits for human capital investments. To the extent this results in additional credits being allowed there is a potential revenue loss as early as FY 22. Any potential revenue loss may be offset in the long term by increased economic activity in the state.¹

¹ The stranded tax credit program requires that projects or investments undertaken must generate revenues for the state that exceed the amount of credits to be utilized, as determined by the DECD commissioner using an econometric analysis. The program is capped at \$50 million in the aggregate.

Section 2 requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development assistance that demonstrate a willingness to make jobs available to individuals meeting certain criteria. This does not result in any fiscal impact.

Section 3 establishes a task force to study the impact of the COVID-19 pandemic on the recruitment and retention of employees in the tourism, lodging, and restaurant industries. This does not result in any fiscal impact as PA 17-236 prohibits transportation allowances.

Section 4 requires the DECD, in consultation with specified entities, to develop and implement a plan to advertise certification programs, job training programs, and entry-level manufacturing jobs. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 5 requires the DECD, in consultation with the Connecticut Sentencing Commission, to evaluate the effectiveness of provisional pardons and certificates of rehabilitation in promoting the reintegration of ex-offenders into the state's workforce. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement utilizing existing resources of the Office of Workforce Strategy.

Section 6 requires the DECD, in consultation with specified entities, to develop and implement a plan to connect veterans to employment opportunities. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 7 requires Connecticut Innovations, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without

the need for additional resources.

Section 8 requires the DECD, in consultation with the Department of Corrections, to study the federal prison industry enhancement certification program. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement without the need for additional resources.

Section 9 requires the DECD commissioner to study the state's opportunity zone financial incentives, which can be accomplished without the need for additional agency resources.

Section 10 requires the DECD to establish, by January 1, 2022, a program to assist small businesses in securing micro-loans from lending institutions, as well as advertise the program on the agency's website. To the extent the DECD revamps its website to create a more robust portal for small businesses, there is an estimated one-time cost of up to \$100,000 in FY 22 only.

Section 11 adds a bank's participation in the small business micro-loan assistance program established in the bill to the criteria the Department of Banking must consider when assessing a bank's record of performance under the Community Reinvestment Act. This does not result in any fiscal impact.

Section 12 requires the DECD commissioner, in consultation with the Department of Labor (DOL), to conduct a study analyzing the effectiveness of the U.S. DOL's federal bonding program. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement without the need for additional resources.

The Out Years

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