
OLR Bill Analysis

HB 5124

AN ACT CONCERNING REVISIONS TO CERTAIN ECONOMIC AND COMMUNITY DEVELOPMENT-RELATED STATUTES.

SUMMARY

This bill makes several unrelated changes in economic development-related statutes. The bill expressly allows the Department of Economic and Community Development (DECD) commissioner to contract with nongovernmental entities in carrying out the Small Business Express (EXP) program (see BACKGROUND). These entities may include nonprofits, economic and community development organizations, lending institutions, and technical assistance providers.

The bill also makes changes to provisions enacted by PA 21-2, June Special Session, that allow the DECD commissioner, in implementing the state's Economic Action Plan (EAP; see BACKGROUND), to provide funding for certain projects consistent with the plan's purposes. Specifically, the bill establishes two new programs to distribute this funding and specifies the funding amounts applicable to each.

Additionally, the bill expands the allowable uses of application fees DECD receives through the Historic Rehabilitation Tax Credit program to include funding programs that advance historic preservation in the state. Current law limits the use of these fees solely to program administration costs.

Finally, the bill makes technical and conforming changes.

EFFECTIVE DATE: Upon passage, except that a technical change to a DECD reporting requirement takes effect on October 1, 2022.

EAP IMPLEMENTATION AND FUNDING

Current law allows the DECD commissioner, for FYs 22 to 24 and in coordination with the Office of Policy and Management (OPM)

secretary, to use bond funds, American Rescue Plan Act of 2021 (ARPA) funding, and other available resources to provide:

1. up to \$100 million in grants for "major projects" consistent with the state's EAP, which the department may distribute by developing and issuing requests for proposals (RFPs); and
2. matching grants of up to \$10 million each for these selected major projects, which the department may distribute through a competitive matching grant program (it does not specify whether these grants count towards the \$100 million cap).

New Programs

The bill makes changes to the mechanisms, described above, by which DECD may allocate funding for major projects. (These changes generally conform to the department's current practices.)

Specifically, the bill allows the department to establish:

1. an Innovation Corridor program to provide grants for major projects, which replaces the existing RFP process, and
2. the Connecticut Communities Challenge program to provide community development grants, which replaces the existing matching grant program for selected projects.

The bill requires the department, under both programs, to develop a competitive application process and criteria consistent with the EAP's purposes to evaluate applications and select projects for funding.

Funding Amounts

The bill caps the new programs' combined funding at \$200 million, including (1) up to \$100 million for grants under the Innovation Corridor program and (2) up to \$100 million for grants under the Connecticut Communities Challenge program. As under current law, these grants may be funded through bonds, ARPA funds, and any other available resources.

BACKGROUND

Economic Action Plan (EAP)

The state’s “Economic Action Plan,” also referred to as the “Economic Development Action Plan,” is Governor Lamont’s proposal to use a combination of state bonds, tax credits, private and municipal matching funds, and other funding streams to support specified economic development programs.

Small Business Express (EXP) Program

DECD’s EXP program provides financial assistance to qualifying small businesses. PA 21-2, June Special Session, made various changes to DECD’s EXP program, generally increasing flexibility in the department’s administration of the program and allowing for increased participation by private lenders.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 23 Nay 0 (03/17/2022)