

OFFICE OF FISCAL ANALYSIS

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HB-5124

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in the following fiscal impacts below.

Section 1 permits the Department of Economic and Community Development (DECD) to contract with nongovernmental entities for the purpose of administrating the Small Business Express program.

The program is funded through a combination of General Obligation (GO) bond funds and revenues from repayment of loans previously issued under the program. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been.

As of April 1st, the unallocated balance for Small Business Express is \$9 million. Additionally, \$25 million will become effective under current law to start FY 23.

The bill does not change GO bond authorizations relevant to the program.

Primary Analyst: EW
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Reviewer: MM

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Section 2 specifies that funding designated to the state's Economic Action Plan may not exceed \$200 million and codifies the Innovation Corridor and the Connecticut Communities Challenge programs as part of the state's Economic Action Plan.¹

The bill does not change any GO bond authorizations to support the Economic Action Plan. However, \$25 million of previously authorized Urban Act funds were allocated for the purposes of the Connecticut Communities Challenge Grant Program at the March 31, 2022 meeting of the State Bond Commission. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

The bill has no fiscal impact by codifying the Innovation Corridor program and Connecticut Communities Challenges program to be in accordance with the Economic Action Plan. Both programs were established by DECD in fall 2021.

Section 3 allows the application fee received under the tax credit for rehabilitation of certified historic structures program to be used to fund programs that advance historic preservation in the state. There is no fiscal impact as the bill does not change the rate of the fee.

Under current law, the fee, which may be up to \$10,000 per application, may only be used for the administrative related expenditures. As of June 30, 2021, there is a balance of approximately \$200,000 in available revenue from the fees collected over time.

Section 4 makes a technical change that has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

¹ Current law allows the use of bond funds, federal funds under the American Rescue Plan Act, and other available sources to support the Economic Action Plan.

Sources: *Office of State Comptroller, FY 21 Annual Report*