

# OFFICE OF FISCAL ANALYSIS

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HB-5124

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

As Amended by House "A" (LCO 5526)

House Calendar No.: 217

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## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Department of Economic & Community Development	GF - Potential Cost	Minimal	None
Governor's Off. (Office of Workforce Strategy)	GF - Cost	90,000	None

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.

Primary Analyst: EW  
Contributing Analyst(s): LG, EMG, MR  
Reviewer: MM

4/27/22

As of April 1<sup>st</sup>, 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.

**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.<sup>1</sup>

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

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<sup>1</sup> 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.

\$200,000 in available revenue from the fees collected over time.

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

**Section 5** results in a potential minimal cost in FY 23 only by requiring DECD in consultation with the Department of Revenue Services to conduct a study regarding the extension of research and development tax credits to pass-through entities. There would be a cost only to the extent that the agencies would require third party consultation to assist in research for the study.

**Section 6** has no fiscal impact by requiring the Department of Energy and Environmental Protection (DEEP), before posting a notice of intent to adopt certain regulations to (1) provide a draft of the proposed regulations to the working group; and (2) allow the members to provide advice and feedback on the draft. This has no fiscal impact as DEEP currently has staff for this purpose.

**Section 7** which requires the Chief Workforce Officer to develop a model student work release policy, results in a cost of up to \$90,000 in FY 23 for a durational Educational Consultant. The Office of Workforce Strategy currently does not have the staff available to complete the tasks contained within this bill. The cost is one-time in nature.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

### ***The Out Years***

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

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