

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 22-50—HB 5124
Commerce Committee

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

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Requires (1) the Office of Workforce Strategy's chief workforce officer to develop a model student work release policy and report it to certain legislative committees by July 1, 2023, and (2) all boards of education to adopt it

SUMMARY: This act makes several unrelated changes in economic development-related statutes. Its provisions were also identically enacted in the 2022 implementer (PA 22-118, §§ 154-160).

EFFECTIVE DATE: Upon passage, except the technical change to a Department of Economic and Community Development (DECD) reporting requirement takes

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effect on October 1, 2022.

§ 1 — SMALL BUSINESS EXPRESS PROGRAM

Allows DECD to contract with nongovernmental entities in carrying out the Small Business Express program

The act specifically allows the DECD commissioner to contract with nongovernmental entities in carrying out the Small Business Express (EXP) program. These entities may include nonprofits, economic and community development organizations, lending institutions, and technical assistance providers.

The EXP program provides financial assistance to qualifying small businesses.

§ 2 — ECONOMIC ACTION PLAN IMPLEMENTATION AND FUNDING

Allows DECD to establish two new programs through which the department may distribute certain funding for projects that implement the state's Economic Action Plan

Prior law allowed 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 the following:

1. up to \$100 million in grants for “major projects” consistent with the state’s Economic Action Plan (EAP), which the department could 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 could distribute through a competitive matching grant program.

New Programs

The act conforms law to current practice by making changes to the mechanisms described above by which DECD, for FYs 22 to 24 and in coordination with OPM, may allocate certain funding for major projects.

Specifically, the act allows the department to establish the following:

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

The act requires DECD, 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 act caps the new programs’ combined funding at \$200 million, with up to

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\$100 million in grants for each program. As under existing law, these grants may be funded through bonds, ARPA funds, and any other available resources.

§ 3 — HISTORIC REHABILITATION TAX CREDIT PROGRAM FEES

Expands the allowable uses of application fees DECD receives through the Historic Rehabilitation Tax Credit program to include funding certain programs that advance historical preservation

The act 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. Prior law limited the use of these fees solely to program administration costs.

§ 4 — DECD TECHNICAL CHANGE

Makes a technical change to a DECD reporting requirement

The act makes a technical change to a DECD reporting requirement.

§ 5 — RESEARCH AND DEVELOPMENT TAX CREDIT STUDY

Requires the DECD commissioner to study extending the research and development tax credit to pass-through entities

The act requires the DECD commissioner to (1) study, in consultation with the revenue services commissioner, extending the research and development tax credit to pass-through entities and (2) report on the study to the Commerce Committee by January 1, 2023.

§ 6 — RELEASE-BASED REMEDIATION DRAFT REGULATIONS

Requires the DEEP commissioner to give an advisory working group certain draft regulations for a release-based remediation program before adopting them

The act requires the Department of Energy and Environmental Protection (DEEP) commissioner to give the release-based remediation advisory working group draft regulations to implement a release-based remediation program before posting them on the state's eRegulations System. More specifically, she must do so at least 60 days before she posts a notice of intent on the system to adopt, amend, or repeal the regulations. The working group must provide advice and feedback on the draft within 30 days after receiving it. The group was established in 2020 to advise on the forthcoming release-based regulations (PA 20-9, September Special Session, § 19).

The act also requires the DEEP commissioner to convene at least one monthly meeting of the working group at least 15 days before she posts the eRegulations notice and after she provides the draft regulations. Additionally, she must provide a revised draft for the members' review before posting the notice.

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Background — Release-Based Remediation

Existing law transitions the state from its transfer-based approach to property remediation (i.e., the “Transfer Act”) to a release-based approach (CGS § 22a-134pp et seq.). The release-based approach becomes effective when the DEEP commissioner adopts regulations for the program (e.g., establishing release reporting requirements and remediation standards).

§ 7 — MODEL STUDENT WORK RELEASE POLICY

Requires (1) the Office of Workforce Strategy's chief workforce officer to develop a model student work release policy and report it to certain legislative committees by July 1, 2023, and (2) all boards of education to adopt it

The act requires the Office of Workforce Strategy’s chief workforce officer, in consultation with the education commissioner, the Technical Education and Career System’s executive director, and the labor commissioner, to develop a model student work release policy by July 1, 2023. She must report on the policy by this date to the Commerce, Education, and Labor and Public Employees committees.

The act allows the chief workforce officer to update the policy as needed and requires her to notify each local and regional board of education about any update. Starting with the 2024-25 school year, it requires boards of education to annually adopt the model student work release policy or the most recently updated version of it.