

## Public Investment Communities

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### Issue

Describe the state programs and benefits that depend, at least in part, on a municipality's designation as a public investment community.

A companion report ([2023-R-0017](#)) describes the state programs and benefits that base eligibility or requirements, at least in part, on a municipality's designation as a [distressed municipality](#), under [CGS § 32-9p](#).

### Summary

Public investment communities (PICs) are municipalities requiring financial assistance to offset their service burdens (i.e., the state's most fiscally and economically distressed municipalities) ([CGS § 7-545](#)). A list of PICs is prepared annually, and posted on the Office of Policy and Management (OPM) [website](#), using statistical indicators that measure the fiscal capacity of each municipality based on its tax base, the personal income of its residents, and, indirectly, the residents' need for public services.

According to OPM, the PIC index measures the relative wealth and need of Connecticut's municipalities by ranking them in descending order by their cumulative point allocations, based on the following statistical indicators: (1) per capita income; (2) adjusted equalized net grand list per capita; (3) equalized mill rate; (4) per capita aid to children receiving Temporary Family Assistance program benefits; and (5) unemployment rate. The PIC index includes each municipality that has a

cumulative point ranking in the top quartile of the PIC Index (i.e., the 42 municipalities with the highest number of points).

When a town’s ranking falls below the top quartile in a given fiscal year, the town’s designation as a PIC continues for that year and the following four fiscal years. As a result, the PIC index includes certain towns carried over from previous fiscal years ([CGS § 7-545](#)).

Table 1 below lists the programs and benefits that consider the PIC designation, provides the legal authorization and a brief description for each, and organizes them into the following categories: (1) financial assistance to municipalities, (2) benefits to businesses and individuals, and (3) additional zone designations. Although each is authorized by law, not all are necessarily funded or active.

**Table 1: Programs and Benefits That Consider the PIC Designation**

Citation	Program or Benefit	Type	Brief Description
<b>Financial Assistance to Municipalities</b>			
<a href="#">4-66c</a> , as amended by <a href="#">PA 21-111</a> , § 51, and <a href="#">PA 22-118</a> , § 330	<a href="#">Urban Action Grant</a>	Grant (eligibility)	These bond-funded grants are open to (1) distressed municipalities, (2) PICs, and (3) urban centers under the state’s Plan of Conservation and Development. Other towns may still receive Urban Act funds (1) if the State Bond Commission determines that the project in question will help meet specified urban revitalization goals or (2) for transit-oriented development projects. Urban Act funds may be used to finance a wide range of projects including economic and community development, transportation, and housing projects.
<a href="#">4-66g</a> , as amended by <a href="#">PA 21-111</a> , § 52	<a href="#">Small Town Economic Assistance Program (STEAP)</a>	Grant (eligibility)	STEAP grants are awarded to municipalities to fund certain types of capital projects related to economic development, community conservation, and quality of life; municipalities that are eligible for Urban Action grants are generally ineligible to apply for a STEAP grant, but PICs may follow a procedure to “opt-in” and become eligible for this grant instead (except those that contain a state Plan of Conservation and Development-designated urban center may not opt-in).
<a href="#">10-262f</a> , as amended by <a href="#">PA 21-2, June Special Session (JSS)</a> (§§ 349 & 350) and <a href="#">PA 22-118</a> (§§ 268 & 269), et seq.	<a href="#">Education Cost Sharing (ECS)</a>	Grant (amount)	The ECS formula distributes the state’s largest source of state aid to municipalities after considering several measures of town wealth. The formula includes an aid ratio adjustment factor that provides bonus percentage points (ranging from three to six points) to the 19 towns with the highest PIC scores.
<a href="#">16a-35c</a> et seq.	<a href="#">Growth-related projects</a>	Additional funding	Generally, by law, state agencies may not fund “growth-related projects” (e.g., acquisition or improvement of certain properties costing more than \$200,000) unless they are in designated priority funding areas (which the law outlines). But, with the OPM secretary’s approval, agencies may fund these projects outside of designated priority funding areas if the project is in a PIC, among other exceptions.

**Table 1 (continued)**

Citation	Program or Benefit	Type	Brief Description
<b>Financial Assistance to Municipalities (continued)</b>			
<a href="#">PA 21-111</a> , § 112, and <a href="#">PA 21-2, JSS</a> , § 475 (codified as 32-285a)	<a href="#">Community Investment Fund 2030 (CIF)</a>	Grant	CIF 2030 is a five-year, state bond-funded grant program for financing qualifying economic and community development projects and small business grants in eligible communities. To qualify, a proposed project or grant must (1) serve residents in an economically distressed municipality (i.e., one designated as a PIC or alliance district) and (2) further consistent and systematic fair, just, and impartial treatment of all individuals, including those belonging to underserved and marginalized communities.
<b>Benefits for Individuals and Businesses</b>			
<a href="#">8-240k</a> et seq.	<a href="#">Community Economic Development Fund (CEDF)</a>	Loan (eligibility)	CEDF is an OPM-established nonprofit economic development organization that, among other things, provides loans to small business owners who are unable to obtain traditional bank financing; assistance is limited to businesses (1) with income-eligible owners or (2) located in a PIC or Enterprise Zone.
<a href="#">8-286</a> , as amended by <a href="#">PA 22-94</a> , § 18	<b>Residential Mortgage Guarantee Program</b>	Mortgage guarantees	The law requires Department of Housing to administer, within available appropriations, a residential mortgage guarantee program for eligible buyers purchasing a home for owner occupancy; to be eligible, properties must be located in a PIC.
<a href="#">19a-17m</a>	<b>Malpractice Insurance</b>	Insurance purchase program	Under this program, the Department of Public Health, within available appropriations, pays for malpractice liability insurance for certain health care providers who provide free primary health care services; among other conditions, the program applies only to services provided at community health centers or at other department-determined sites located in a PIC.
<a href="#">32-7o</a>	<a href="#">Connecticut Manufacturing Innovation Fund (MIF)</a>	Grants, loans, and investment financing	MIF provides financing to manufacturers and researchers in aerospace, medical devices, and other targeted industries' supply chains to, among other things, expand facilities, develop products, and match research grants. By law, priority consideration must be given to proposals from any company located in, or planning to relocate to, among other places, PICs.
<b>Additional Zone Designations</b>			
<a href="#">32-80</a>	<a href="#">Enterprise Corridor Zone</a>	Zone designation	Two or more contiguous municipalities meeting certain requirements, including being a PIC and distressed municipality, may request an enterprise corridor zone designation from the Department of Economic Community Development. Eligible businesses located in an enterprise corridor zone are entitled to the same benefits (e.g., corporate business tax credits and certain property tax relief) as businesses located in general enterprise zones.

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