TO: Members of the Finance, Revenue, and Bonding Committee

FROM: OFA & OLR Staff

RE: Items for April 18, 2011 Agenda

FINANCE COMMITTEE BILLS FOR JF CONSIDERATION

1. H.B. No. 6387 AN ACT CONCERNING PERSONAL PROPERTY TAX EXEMPTIONS.(JFS)

Fiscal Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Environmental Protection / Department of Motor Vehicles</td>
<td>General Fund</td>
<td>Revenue Gain</td>
<td>4.2 million</td>
<td>5.6 million</td>
</tr>
</tbody>
</table>

A revenue gain to the General Fund, in the amount of $4.2 million in FY 12 and $5.6 million FY 13, would result from the transfer of revenues attributable to watercraft registration and numbering fees, effective October 1, 2011.

Summary of Substitute Bill:

Starting October 1, 2011, the substitute bill eliminates the Boating Account and requires that all watercraft registration and numbering fees go into the General Fund. Under current law, fee revenue goes into a separate boating account, which is used (1) by the Environmental Protection (DEP) and Motor Vehicle (DMV) departments for expenses incurred in administering the boating laws, (2) to reimburse towns for lost property tax revenue on watercraft, and (3) to pay for state and local enforcement of “boating safety” and pollution laws and certain other local watercraft-related expenses.

EFFECTIVE DATE: July 1, 2011

2. H.B. No. 6388 AN ACT IMPLEMENTING THE GOVERNOR’S BUDGET RECOMMENDATIONS CONCERNING THE OFFICE OF POLICY AND MANAGEMENT.(JFS)
Fiscal Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various</td>
<td>General Fund</td>
<td>See Below</td>
<td>See Below</td>
<td>See Below</td>
</tr>
<tr>
<td>MUNICIPAL IMPACT</td>
<td>Various</td>
<td>See Below</td>
<td>See Below</td>
<td>See Below</td>
</tr>
</tbody>
</table>

Sections 1 and 2 transfer the Neighborhood Youth Centers grant program and the Leadership, Education and Athletic Partnership (LEAP) from the Office of Policy and Management to the State Department of Education (SDE). The FY 11 appropriated amounts for these two programs totaled $2,337,000 ($850,000 for LEAP and $1,487,000 for Neighborhood Youth Centers).

Sections 3-8 and 17 eliminate the payment in lieu of taxes to municipalities for: 1) manufacturing machinery and equipment; and 2) commercial motor vehicles. The Governor’s budget HB 6380, eliminated $47.89 million for these payments in FY 12 and FY 13 to implement these provisions. Eliminating the property tax exemption for certain commercial trucks and other vehicles will result in estimated municipal revenue gain of approximately $3.2 million in aggregate.

Sections 9 – 10 implement the Governor’s budget recommendation by combining the Governor’s 1st and 2nd Horse Guards into one Horse Guard. The associated savings are $78,632 in FY 12 and $141,501 in FY 13.

Section 11 requires the Comptroller to pay all wages to state employees as of FY 12 by direct deposit. Use of direct deposit is currently voluntary. Requiring direct deposit is considered a change in an employee’s working conditions and would require collective bargaining agreement. Approximately 83 percent of current state employees voluntarily participate in direct deposit. Annual savings estimated at $18,575 could be achieved to the extent that overall direct deposit participation increased to 100 percent.

Sections 12-13 transfers the Executive Director of the Capital City Economic Development Authority (CCEDA), with an annual salary of $143,550, from the Office of Policy and Management’s payroll, to CCEDA. The Governor’s budget HB 6380, contains $6.3 million in FY 12 and FY 13 for CCEDA, it is anticipated that these resources will be sufficient to handle this transfer.

Section 14 makes OPM responsible for the planning functions for the state’s information and telecommunications systems. The Governor’s budget HB 6380 transfers three positions and associated funding of $300,412 in FY 12 and
$289,437 in FY 13 from the Department of Information Technology to OPM to implement these provisions.

Summary of Substitute Bill:

§§ 1, 2 – Neighborhood Youth Center Grant

The bill requires the State Department of Education rather than the Office of Policy and Management (OPM) to administer the neighborhood youth center grant program and convene a working group to help review grant applications.

§§ 3-8, 17- Property Tax Exemption for Trucks & MME PILOT Eliminated

Current law exempts certain commercial trucks and other vehicles used to transport freight for hire from the property tax. It also exempts eligible manufacturing, biotechnology, and recycling machinery and equipment (MME) for the first five years after it is acquired. In both cases, current law requires the state to make payments in lieu of taxes (PILOTs) to the affected municipalities.

The bill eliminates the commercial vehicle tax exemption starting with the assessment years that begin on or after October 1, 2011 (taxes are paid on these assessments starting in 2012) as well as the PILOT program for the vehicles for assessment years that begin on or after October 1, 2011. It retains the MME tax exemption but eliminates the PILOT for it, other than for MME located in enterprise zones, for the same years.

It eliminates the ability of (1) a taxpayer who has missed the deadline for filing an exemption claim for the vehicles or MME to apply to the assessors for an extension of the application deadline and (2) the legislative body of a municipality to grant an exemption to a taxpayer who missed the deadline and who failed to apply for an extension. It also eliminates the ability of a taxpayer whose application for an exemption has been harmed by a decision of the OPM secretary may appeal the decision to the secretary and makes related changes.

It eliminates related provisions, including those that require (1) MME owners to file a supplement to their personal property declaration including data on the date of acquisition, acquisition cost, and depreciated value of their property and (2) town assessors to determine the depreciated value of the property using the method they had used for the 2005 assessment year. It also repeals a provision that allows the OPM secretary to deny an exemption claim if the owner of new MME is delinquent on his or her corporation tax, after providing notice to the affected taxpayer.

§§ 9, 10 – Governor’s Horse Guards

The bill reduces, from two to one, the number of companies of the governor’s
horse guards.

§ 11 – Payment of State Employee Wages By Direct Deposit

The bill requires the comptroller to pay all state employee wages by direct deposit to participating banks.

§§ 12, 13 – Staff Support for CCEDA

The bill eliminates the requirement that the executive director of the Capital City Economic Development Authority (CCEDA) be an OPM staff member and that he or she act as the comptroller of the authority’s projects.

By law, CCEDA and OPM can enter into a memorandum of understanding under which OPM provides staff support for the authority. The bill eliminates a requirement that the agreement provide for continuity of credited service of CCEDA employee hired by OPM.

§ 14 – State Agency Telecommunications Systems

The bill requires OPM to (1) develop and implement an integrated set of policies governing the use of information and telecommunications systems for state agencies, and (2) develop comprehensive standards and planning guidelines on the development, acquisition, implementation, oversight and management of these systems for state agencies.

§ 15 – Definition of Managerial Employee – Section Deleted

§ 16 – State Police Major Position – Section Deleted

§ 18 – Repealed Provisions

The bill repeals laws that require:

1. that boat registration and numbering fees be distributed to the boating account in the Conservation Fund and as PILOTs to municipalities and specify the purposes of the boating account;

2. the environmental protection commissioner to report annually to the comptroller on the boating account;

3. the distribution of the boating account revenues to municipalities be based on each municipality’s share of the property taxes paid on vessels in the state on the October 1, 1978 assessment list; and

4. the Workers’ Compensation Commission to provide rehabilitation services
EFFECTIVE DATE: All of the bill’s provisions are effective July 1, 2011. The property tax and related PILOT provisions apply to assessment years starting on and after October 1, 2011.

3. S.B. No. 1157 (RAISED) AN ACT CONCERNING THE RESTORATION OF THE ENERGY CONSERVATION AND LOAD MANAGEMENT FUND.(JFS)

Fiscal Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Treasurer</td>
<td>General</td>
<td>Prevents</td>
<td>See Below</td>
<td>See Below</td>
</tr>
<tr>
<td>– Debt Service</td>
<td>Fund</td>
<td>Savings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Public Act 10-179 provides for the issuance of Economic Rate Recovery bonds\(^1\), which will securitize a revenue stream derived from the Energy Conservation and Load Management (ECLM) Fund and the Competitive Transaction Assessments charges. The bill reduces the $210 million in bonds issued against the revenue stream from the ECLM Fund.

The estimate used to determine the amount of surplus applied under the bill would be the State Comptroller’s Monthly Letter to the Governor dated May 2, 2011. As of April 1, 2011, the Comptroller’s Monthly Letter indicated a net General Fund surplus of $101.9 million ($116.4 million less $14.5 million which must be transferred to the Other Post-Employment Benefits trust fund in accordance with the 2009 SEBAC Agreement).

Current law requires General Fund surplus to be used first to retire Economic Recovery Notes\(^2\) (ERNs). Debt service for ERNs is paid from the General Fund. Since the bill would divert surplus funds from the retirement of ERNs debt to a reduction in the amount borrowed against revenue from electric utility ratepayers, the bill would increase the total General Fund cost of borrowing over the remaining five year term of the ERNs. Absent the bill, it is anticipated that

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\(^1\) The General Fund FY 11 budget was balanced in part through the planned borrowing of $646.1 million against future revenues from charges on ratepayers’ bills. The ECLM part of this total is $210 million; the balance is borrowed against revenues from the Competitive Transition Assessment charge.

\(^2\) In order to finance the FY 09 deficit, $947.6 million in state debt was issued with a term of seven years.
there would be $3 million in interest cost savings in each of FY 12 and FY 13 as a result of the early retirement of approximately $100 million in ERNs.

**Summary of Substitute Bill:**

In 2010, the General Assembly authorized the state to issue economic recovery revenue bonds to provide $956 million in revenue for transfer to the state General Fund (the “economic recovery transfer”). Under current law, the bonds and related financing costs must be paid off with revenue generated by (1) extending a per-kilowatt-hour surcharge (the competitive transition assessment or CTA) on electric bills beyond the dates at which it would otherwise have expired and (2) diverting 35% of the revenue from a conservation charge on electric bills that go to the Energy Conservation and Load Management Fund to subsidize the costs of renewable energy, energy conservation, and energy efficiency measures.

This bill applies any projected FY 11 General Fund surplus as of May 2, 2011 to offset the contribution from the conservation charge and eliminate or reduce the resulting revenue loss to the Energy Conservation and Load Management Fund.

It does so by reducing the total amount of economic recovery revenue bond (ERRB) proceeds to be transferred to the General Fund by the amount of the projected FY 11 General Fund surplus as of the comptroller’s monthly letter dated May 2, 2011. If the amount of that projected surplus is at least $166 million, the entire conservation charge diversion must be eliminated. If the projected surplus is less than that amount, the bill requires the 35% contribution from the conservation charge to be reduced by the same ratio as the surplus amount is to $166 million.

Finally, the bill allows the financing authority (the state treasurer) to restructure the ERRB terms by applying the principles of the financing order and the bill’s provisions, without further DPUC proceedings.

**EFFECTIVE DATE:** Upon passage

4. **S.B. No. 1162 (RAISED) AN ACT CONCERNING THE FILING DEADLINE FOR CERTAIN PROPERTY TAX EXEMPTIONS. (JFS)**

**Fiscal Impact:**

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Policy and Management</td>
<td>General</td>
<td>Potential Revenue Gain</td>
<td>Less than $5,000</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**MUNICIPAL IMPACT**
<table>
<thead>
<tr>
<th>Towns</th>
<th>Revenue Change</th>
<th>Potential</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomfield, Franklin, Hartford, Seymour, Sprague</td>
<td>Significant Revenue Increase</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>All Other Towns</td>
<td>Minimal Revenue Decrease</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Middletown</td>
<td>Potential Cost</td>
<td>$242,508</td>
<td>None</td>
</tr>
<tr>
<td>Middletown</td>
<td>Grand List Reduction</td>
<td>See Below</td>
<td>See Below</td>
</tr>
</tbody>
</table>

The bill may result in a significant municipal revenue increase from the Payment-in-Lieu-of Taxes for Manufacturing Machinery and Equipment (PILOT MME) grant to Bloomfield, Hartford, Sprague and Seymour in FY 12. Similarly, Franklin will experience a potential FY 12 revenue increase from the Commercial Motor Vehicle (CMV) payment-in-lieu of taxes grant.

Each of Bloomfield, Franklin and Hartford may incur costs to reimburse taxpayers that failed to file applications for property tax exemptions in specified years, should they reapply within 30 days of the bill’s passage. Each town would be required to reimburse the tax payments made by any such organization in excess of the taxes that would have been payable had their application been filed in a timely manner.

Sprague and Seymour will incur a cost to reimburse a taxpayer equivalent to any payment issued to them by the State Treasurer, should affected organizations’ requests for reconsideration of a decision to modify or deny an exemption under PILOT MME be upheld. The Office of Policy and Management will incur no costs to make the determination and conduct a hearing if requested to do so.

There is no state fiscal impact, as appropriations for PILOT MME and the CMV grant are insufficient to fully fund either grant. Thus all payments are reduced on a pro rata basis, which may result in reduced grant payments to all other towns. However, it should be noted that both HB 6388 (AA Implementing The Governor's Budget Recommendations Concerning The Office Of Policy And Management) and the Governor’s Recommended budget (HB 6380) repeal the state reimbursements for these grants. The state will collect a late filing fee of $150-$500 from each affected organization in Bloomfield, Franklin, and Hartford.

The bill may also result in a cost to Middletown of $242,508. It will require the City to reimburse any tax payments made by a nonprofit organization (CGS 12-81 (7)(A)) in excess of the taxes that would have been payable had their application for an exemption from the 2009 grand list been filed in a timely manner. A $35 late fee will be collected by the City.
Finally, Middletown will experience a permanent reduction in its grand list, as the bill establishes a property tax exemption for an organization beginning with the 2009 grand list.

Summary of the Substitute Bill:

*Machinery (MME) and Commercial Vehicle Exemptions*

The bill allows certain taxpayers to receive certain property tax exemptions for particular grand list years even though they missed the statutory filing deadlines for the exemption. The state reimburses towns for lost property tax revenue for these exemptions. The exemptions are for:

1. machinery and equipment used for manufacturing, biotechnology, or recycling (CGS § 12-81 (72)) and
2. new and newly acquired commercial trucks (CGS § 12-81 (74)).

By law, property owners must apply to local assessors for these exemptions by November 1, annually. The bill waives the deadline for property owners in certain towns and for one or more of the above property categories and grand lists shown in Table 1, if the property owners apply for the exemption within 30 days of the bill’s passage and pay the statutory late fee.

<table>
<thead>
<tr>
<th>Town</th>
<th>Grand List</th>
<th>Type of Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomfield</td>
<td>2009</td>
<td>Manufacturing machinery and equipment</td>
</tr>
<tr>
<td>Franklin</td>
<td>2009, 2010</td>
<td>Commercial trucks</td>
</tr>
<tr>
<td>Hartford</td>
<td>2006, 2007, 2008</td>
<td>Manufacturing machinery and equipment</td>
</tr>
<tr>
<td>Seymour</td>
<td>2007</td>
<td>Manufacturing machinery and equipment</td>
</tr>
</tbody>
</table>

In each case, the local assessor must (1) verify eligibility for and approve the exemption, (2) refund any taxes paid on the property, and (3) submit the request for any available tax loss reimbursement to the OPM secretary. Subject to the secretary’s review and approval, the bill requires the state to reimburse the town for the tax loss under the applicable statute.

*Exemptions for Nonprofit Organization Property*

The bill allows two entities organized exclusively for scientific, educational, literary, historical, or charitable purposes or to preserve land for open space to receive an exemptions for real property on Middletown’s 2009 grand list even though they missed the deadline for filing the required property tax exemption statement (November 1, quadrennially). It requires the entities to be considered to have filed the statement in a timely manner if they do so within 30 days after the bill passes and pay the statutory late fee.
It requires the Middletown assessor to approve the exemptions after confirming the fee payment and the property’s eligibility for the exemption. Middletown must refund any excess taxes, interest, and penalties the entities paid on the exempt property.

**Request to Reconsider Denial or Modification of MME Exemption**

The bill allows a taxpayer in Sprague to file a written request to the OPM secretary to reconsider the secretary’s modification or denial of the Sprague assessor’s decision to exempt certain MME despite the taxpayer having missed the deadline for filing such a request. The request pertains to property on the town’s grand list for the October 1, 2008 assessment year.

The bill gives the taxpayer 30 days after the bill’s passage to file a request together with all documentation and information the secretary requested in the original modification or denial letter. The secretary has 30 days from the request date to consider the information and make a decision. If the taxpayer is aggrieved by the decision, he or she can ask for a hearing according to the regular statutory procedure. If the secretary finds that the taxpayer is eligible for the exemption, the secretary must notify the Sprague assessor and include the state reimbursement for the exemption in its next MME reimbursement payment to Sprague. Sprague must reimburse the taxpayer for any taxes paid in an amount equal to the state reimbursement it receives for the taxpayer’s exempt MME.

**EFFECTIVE DATE:** All sections are effective on passage.

5. S.B. No. 1216 (RAISED) AN ACT CONCERNING THE URBAN REINVESTMENT ACT AND THE FEDERAL NEW MARKETS TAX CREDIT PROGRAM. (JFS)

**Fiscal Impact:**

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Revenue Services</td>
<td>General Fund</td>
<td>Potential Revenue Loss</td>
<td>See Below</td>
<td>See Below</td>
</tr>
</tbody>
</table>

To the extent that allowing investments made through a contractually-bound community development entity results in the taking of additional urban and
industrial site reinvestment credits, there is a potential significant revenue loss in the out-years.³

Summary:

This bill explicitly provides that investments made through a contractually-bound community development entity are eligible for urban and industrial sites reinvestment tax credits. Under current law, taxpayers qualify for the tax credits if they invest directly, through a state-registered investment fund, or through a community development entity (CDE). The bill defines a contractually-bound community development entity as a CDE (1) that has been allocated a share of new markets tax credits through the Community Development Financial Institutions (CDFI) Fund and (2) whose service area in the allocation agreement includes the state.

With the exception of project eligibility and credit recapture requirements, the bill subjects contractually-bound CDEs to the same requirements as CDEs under existing law. It limits eligibility for contractually-bound CDE projects to the activities, costs, and services specified in its allocation agreement with the CDFI fund. The bill also exempts these entities from the credit recapture provisions in current law and instead makes them subject to the recapture provisions specified in the (1) allocation agreement or (2) if the agreement does not contain such provisions, federal regulations for new markets tax credits.

The substitute bill makes technical changes.

EFFECTIVE DATE: July 1, 2011

BACKGROUND

New Markets Tax Credits

The new markets tax credit program uses federal income tax credits to attract private capital for business projects in low-income areas. Investors seeking credits must access them through federally certified CDEs, which must annually apply for them to the Treasury Department. The credits equal 39% of the invested amount, and investors must claim them over seven years according to a statutory schedule.

CDEs

³ Urban and industrial site reinvestment credits may be taken beginning four years from the date of investment.
In order to qualify for the urban and industrial sites reinvestment program, a CDE must be federally certified to receive new markets tax credits. It must also be qualified to do business in the state and registered with the economic and community development commissioner. Its purpose must be to provide investment capital or financing for eligible projects, and it must be accountable to the residents of two or more designated towns through its governing board. Designated towns are those where taxpayers investing in urban reinvestment projects qualify for credits. They are the 17 towns with enterprise zones, 25 state-designated distressed municipalities (11 of which have enterprise zones), and the five towns with populations over 100,000 (all of which have enterprise zones).

CDFI Fund and CDFIs

The CDFI Fund, administered by the U.S. Department of Treasury, provides loans, equity investments, and grants to CDFIs to support community development activities. CDFIs must provide matching private and non-federal funds to obtain CDFI Fund support. There are over 800 CDFIs certified by the CDFI Fund, including 16 in Connecticut.

6. H.B. No. 6626 (RAISED) AN ACT CONCERNING THE IMPOSITION OF THE SALES TAX ON ROOM REMARKETERS (JFS)(NEW TITLE AND CONTENT)

Fiscal Impact:

<table>
<thead>
<tr>
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<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Revenue Services</td>
<td>General Fund</td>
<td>Revenue Gain</td>
<td>$2.7 million</td>
<td>$3.6 million</td>
</tr>
</tbody>
</table>

The bill results in an estimated total revenue gain of $3.6 million annually by allowing the sale of alcohol on Sundays.

It is estimated that the allowance of sales on Sundays would increase the annual volume of alcohol sales by 2.8%. This increase would result in a $2.4 million increase in sales and use tax revenue and a $1.2 million increase in excise tax revenue, for a total revenue gain of $3.6 million. Note that the FY 12 revenue gain would be equal to ¾ of the annual revenue gain due to the October 1st effective date.

Summary of Substitute Bill:

The substitute bill allows, but does not require, permittees of package stores, drug stores, manufacturer for beer, and grocery stores to sell or dispense alcohol
on Sunday. It also eliminates the requirement that these permittees close on the Monday following any Independence Day, Christmas, or New Year's Day that occur on a Sunday.

EFFECTIVE DATE: October 1, 2011

CHANGE OF REFERENCE BILLS FOR JF CONSIDERATION

1. S.B. No. 417 (COMM) (File No. 43) AN ACT ELIMINATING THE LIMIT ON TEACUP RAFFLE PRIZES. (PS,PS)

   See File 43.

2. Substitute for H.B. No. 6267 (RAISED) (File No. 23) AN ACT CONCERNING THE SALE OF WINE WITH GIFT BASKETS. (GL)(JFS)

   Fiscal Impact: None

   Summary of Substitute Bill:

   See File 23.

   The substitute bill (1) allows gift basket permittees to buy wine from Connecticut farm wineries and (2) makes technical and clarifying changes.

3. H.B. No. 6287 (RAISED) AN ACT CONCERNING A STUDY OF THE ECONOMIC IMPACT OF REFURBISHING BRIDGEPORT'S PALACE AND MAJESTIC THEATERS. (CE)

   Fiscal Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Economic and</td>
<td>General</td>
<td>Cost</td>
<td>649,000</td>
<td>None</td>
</tr>
<tr>
<td>Community Development</td>
<td>Fund</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

   The bill results in an estimated cost of $649,000 in FY 12 by requiring the Department of Economic and Community Development to conduct a study on the economic impact of refurbishing Bridgeport’s Palace and Majestic Theaters. The study is to be completed no later than January 1, 2012.

   The bill specifies that the report include the cost of refurbishment for the theaters and an economic impact analysis. In order to report the cost of refurbishment, DECD would need to contract a consultants specialized in architecture, engineering, building construction. The cost for consultants is estimated to $619,000. Additionally, the bill requires an economic analysis in the report. DECD would need to contract with a consultant specialized in market analysis in
order to fulfill a complete economic analysis on the theaters. The cost for a marketing analysis consultant is approximately $30,000. DECD can complete the other components of the economic impact analysis with existing staff.

Summary:

The bill requires the Department of Economic and Community Development to study the economic impact of refurbishing Bridgeport’s Palace and Majestic Theaters and report its findings to the Commerce Committee by January 1, 2012.

EFFECTIVE DATE: Upon passage

4. Substitute for H.B. No. 6327 (RAISED) AN ACT CONCERNING THE ENHANCED EMERGENCY 9-1-1 PROGRAM. (PS)(JFS)

Fiscal Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund</th>
<th>Effect</th>
<th>FY 12 $</th>
<th>FY 13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Public Safety</td>
<td>Enhanced 9-1-1 Fund</td>
<td>Revenue Gain</td>
<td>$2.4 million</td>
<td>$2.4 million</td>
</tr>
</tbody>
</table>

The bill results in an estimated $2.4 million revenue gain to the Enhanced 9-1-1 (E 9-1-1) Fund by modifying the application of the E 9-1-1 fee on prepaid wireless phones.

The bill applies the E 9-1-1 fee at the point of sale of prepaid phones and additional minutes for such phones. The bill would capture 100% of the prepaid phone market and result in a revenue gain of $2.4 million in FY 12 and FY 13. Under current law only an estimated 30% of the prepaid phone market pays the fee (See BACKGROUND)

It is anticipated that a portion of prepaid customers purchase additional minutes multiple times a month, while others purchase minutes on a monthly or less than monthly basis. There will therefore be customers who pay the fee multiple times per month while others pay on a monthly or less than monthly basis. The estimates reflect this variation in consumer behavior.

Background

Under current law, the E 9-1-1 fee is charged to prepaid customers through a mechanism where the phone company extracts the number of minutes equivalent to the fee rate. For example, if the phone company charges ten cents

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4 The E 9-1-1 fee is currently set at 50 cents per month per phone service.
per minute, then the company extracts five minutes of time off the prepaid phone each month. The cost of the five minutes is fifty cents, which is the current E 9-1-1 monthly fee. By law, phone companies are required to tell the customer the day in which their minutes would be extracted to pay to monthly fee. The phone company can only extract minutes if the customer has enough minutes to cover the cost of the fee. If the customer has zero minutes on their prepaid phone on the date of the extraction, then the company cannot take the minutes and therefore cannot remit the fee for that phone line. It is estimated that phone companies are capturing the fee on only 30% of the prepaid phone market under current law.

Summary of Substitute Bill:

The bill eliminates the monthly subscriber fee (currently 50 cents) that subscribers of prepaid wireless telephone service are assessed for the Enhanced 9-1-1 (E 9-1-1) system. It, instead, requires that retailers selling prepaid wireless telecommunications services collect a 50-cent fee from buyers, anytime they purchase such services. Retailers may retain 1% of the fees collected. They must remit the balance to the State Treasurer for deposit in the E 9-1-1 Telecommunications Fund.

EFFECTIVE DATE: January 1, 2012

5. H.B. No. 6338 (RAISED) (File No. 88) AN ACT CONCERNING LANDSCAPE ARCHITECTS. (GL)

See File 88.

6. Substitute for H.B. No. 6262 (RAISED) (File No. 387) AN ACT CONCERNING THE COMMUNITY INVESTMENT ACCOUNT. (ENV)(JFS)

See File 387.

The substitute bill redirects the $12,500 quarterly allocation for Urban Oaks Organic Farm to soil and water conservation districts instead of eliminating it.

7. Substitute for H.B. No. 6478 (RAISED) (File No. 357) AN ACT CONCERNING COURSE ENROLLMENT FEE WAIVERS FOR CERTAIN VETERANS AND MEMBERS OF THE NATIONAL GUARD ENROLLED AT CHARTER OAK STATE COLLEGE. (VA,HED)

See File 357.
8. Substitute for S.B. No. 157 (COMM) (File No. 213) AN ACT AUTHORIZING SPECIAL TAXING DISTRICTS TO BE ESTABLISHED TO PROVIDE FERRY SERVICE. (PD,PD)

See File 213.