
OLR BILL ANALYSIS

SB 1001

AN ACT CREATING THE FIRST FIVE PROGRAM.

SUMMARY:

This bill authorizes “substantial financial assistance” under existing economic development programs for business development projects meeting job creation and investment goals within specified deadlines. The economic and community development commissioner may provide this assistance to no more than five businesses per year in FY 12 and 13, respectively (i.e., First Five Program). He may do so only with the governor’s consent.

The bill also increases the total amount of (1) job creation tax credits from \$11 million to \$20 million and (2) urban and industrial sites tax credits from \$500 million to \$750 million.

EFFECTIVE DATE: July 1, 2011

FIRST FIVE PROGRAM

Substantial Financial Assistance

Under the bill, the Department of Economic and Community Development (DECD) commissioner may provide substantial financial assistance for up to five business development projects per year in FYs 12 and 13, respectively.

The bill exempts projects receiving MAA financing for the statutory limits that normally apply to such projects. It also exempts from laws requiring General Assembly approval for projects that exceed specific dollar thresholds. In both cases, the exemption applies only for FYs 12 and 13. Thus it appears that the commissioner can provide assistance under the Manufacturing Assistance Act (MAA), which provides low-cost financing for a wide range of business development projects, and the Urban and Industrial Sites Investment Program, which provides

tax credits for developing property.

The bill allows the commissioner to work with the state's two quasi-public economic development agencies to secure financing for a project. The agencies are the Connecticut Development Authority and Connecticut Innovations, Inc.

Eligibility Criteria

Projects qualify for financial assistance based on whether they can create jobs or invest dollars by specified deadlines.

- A project qualifies if it can create at least 200 new jobs within 24 months after the commissioner approved the assistance.
- Alternatively, it qualifies if it invests at least \$25 million and creates 200 new jobs with five years after the commissioner approved the assistance.
- A redevelopment project (undefined) qualifies for a preference if it can create 200 jobs sooner than 24 months or five years (for projects investing at least \$25 million).

Terms and Conditions

The bill authorizes the commissioner to take any steps he deems necessary to insure that businesses meet the job creation and investment requirements. These include imposing terms and conditions on the repayment of financial assistance.

Approval

The commissioner must certify to the governor that a project meets the bill's criteria. He may award the assistance only if the governor consents.

Reports

The commissioner must report to the Commerce and Finance, Revenue and Bonding Committees on the projects receiving assistance under the bill. The reports must indicate the number of jobs created and how they affected the economy. The reports are due January 1,

2012, January 1, 2013, and September 1, 2013.

PRELIMINARY