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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
Analyst: EB 4/6/92
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Version:

BILL NUMBER: sHB 5780
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT CONCERNING CONNECTICUT ENTREPRENEURS"

FAVORABLY REPORTED BY Commerce and Exportation

EFFECTIVE DATE: 7/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER sHB 5780

STATE IMPACT	Cost (General Fund), and Cost (Bond Funds), see explanation below
MUNICIPAL IMPACT	Potential Revenue Gain, see explanation below
STATE AGENCY(S)	Department of Economic Development, Administrative Services, Income Maintenance, Connecticut Development Authority, Transportation

EXPLANATION OF ESTIMATES:

STATE AND MUNICIPAL IMPACT: Passage of this bill would establish a surety bond guarantee program and authorize $4 million in bond funds for a revolving fund for this purpose. The interest cost to bond $4 million over 20 years at 6 3/4% is $2.7 million. Costs to the Department of Economic Development for administering the program are estimated at $125,000 to $150,000 for 2 employees and associated expenses. These costs are to be paid through fees for processing applications for the program. In addition, the state could incur losses due to the state guarantee if small contractors and subcontractors fail to live up to the terms of the surety's bond. The extent of these losses, if any cannot be determined.

The bill would also require DED in consultation with Income Maintenance to establish a 3 year demonstration program for training low-income people to be funded through $100,000 of existing bond funds currently authorized for grants to the Connecticut Development Authority for the Business Assistance Fund. This would redirect existing funds from one program to another. It is anticipated that Income Maintenance could incorporate the requirements of the bill within the Job Connection Program, within the current services budget. This bill also authorizes CDA to use the Business Assistance Fund to make no-interest loans to municipal economic development commissions or regional outreach centers. This could increase revenue to municipalities.

As of 3/31/92, $9.5 million remains unallocated in the Business Assistance Fund. In addition, the bill requires DED to solicit applications for and fund at least one inventors' workshop in FY 93 through the Manufacturing Assistance Act reallocating funds to a specific project. As of 3/31/92, $34.6 million remains unallocated in the Manufacturing Assistance Act Fund.

The bill also transfers the administration or the minority and small business set aside programs from Economic Development to Administrative Services. One Development Agent in DED currently administers the program and it is estimated that DAS would need one employee at a cost of $45,000 and start up costs of $15,000. Costs to DAS for regulations, participating on panels and the study with the Department of Transportation are anticipated to be minimal and absorbed within existing resources. Costs to DOT for the study, are anticipated to be absorbed as well.