

House of Representatives, March 31, 1998. The Committee on Commerce reported through REP. SAMOWITZ, 129th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ENTERPRISE ZONES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (e) of section 32-70 of
2 the general statutes is repealed and the following
3 is substituted in lieu thereof:

4 (e) The Department of Economic and Community
5 Development shall compile information on
6 activities and programs which are conducted in
7 enterprise zones approved by the commissioner
8 before and after July 1, 1986, and shall serve as
9 a resource center for the dissemination of such
10 information upon request. THE DEPARTMENT SHALL
11 MAINTAIN A COMPREHENSIVE DATABASE ON ALL
12 MANUFACTURING FACILITIES FOR WHICH AN ELIGIBILITY
13 CERTIFICATE HAS BEEN ISSUED PURSUANT TO SECTION
14 32-9r, INCLUDING, BUT NOT LIMITED TO, THE
15 FOLLOWING INFORMATION:

16 (1) THE MUNICIPALITY IN WHICH THE FACILITY IS
17 LOCATED; (2) WHETHER THE MANUFACTURING FACILITY IS
18 A START-UP BUSINESS, IS RELOCATING OR IS EXPANDING
19 AND, IF THE BUSINESS IS RELOCATING, ITS PREVIOUS
20 LOCATION; (3) CURRENT NUMBER OF EMPLOYEES, IF
21 APPLICABLE, AT TIME OF CERTIFICATION; (4) NUMBER
22 OF JOBS RETAINED AND CREATED OVER TIME; (5) ANY
23 ACTUAL INCREASE IN ASSESSED VALUE OF THE FACILITY

24 DUE TO EXPANSION, CONSTRUCTION OR RENOVATION; (6)
25 WHETHER ANY PERSON WAS GRANTED A BENEFIT UNDER
26 SUBDIVISIONS (59) OR (60) OF SECTION 12-81 IN
27 RELATION TO THE MANUFACTURING FACILITY AND THE
28 AMOUNT OF PROPERTY TAX REPRESENTED BY THE
29 EXEMPTION; (7) WHETHER THE MANUFACTURING FACILITY
30 CLAIMED A BENEFIT UNDER SECTION 12-217e, WHETHER
31 THE CLAIM WAS FOR THE TWENTY-FIVE PER CENT OR
32 FIFTY PER CENT CREDIT, THE DOLLAR AMOUNT OF THE
33 CREDIT, AND HOW MANY JOBS WERE CREATED IF THE
34 FIFTY PER CENT TAX CREDIT WAS CLAIMED; (8) WHETHER
35 THE MANUFACTURING FACILITY RECEIVED GRANTS OR
36 LOANS UNDER ANY STATE FINANCIAL ASSISTANCE
37 PROGRAMS, AND THE AMOUNT OF SUCH ASSISTANCE; (9)
38 WHETHER THE MANUFACTURING FACILITY HAS APPLIED FOR
39 AND RECEIVED JOB INCENTIVE GRANTS UNDER SECTION
40 32-9, THE NUMBER OF ANY JOBS CREATED, AND ANY
41 GRANT AMOUNT RECEIVED; AND (10) WHETHER THE
42 MANUFACTURING FACILITY HAS GONE OUT OF BUSINESS,
43 OR MOVED OUT OF THE ZONE OR MUNICIPALITY. THE
44 DEPARTMENT MAY DERIVE SUCH INFORMATION FROM
45 MATERIALS SUBMITTED BY EACH FACILITY. THE
46 DEPARTMENT SHALL COLLECT AND MAINTAIN INFORMATION
47 ON THE FIXING OF ASSESSMENTS UNDER SECTION 32-71.
48 THE DEPARTMENT MAY REQUEST, AND STATE AGENCIES AND
49 MUNICIPALITIES SHALL SUBMIT, SUCH INFORMATION AS
50 THE DEPARTMENT DEEMS NECESSARY TO FULFILL ITS DATA
51 COLLECTION RESPONSIBILITIES PROVIDED THE
52 DEPARTMENT SHALL MINIMIZE THE BURDEN IMPOSED ON
53 SUCH AGENCIES AND MUNICIPALITIES IN PROVIDING SUCH
54 INFORMATION. ANY REQUIREMENT OF LAW REGARDING THE
55 MAINTENANCE OF CONFIDENTIALITY OF SUCH INFORMATION
56 SHALL APPLY TO THE DEPARTMENT'S COLLECTION OF
57 INFORMATION AND MAINTENANCE OF THE DATABASE UNDER
58 THIS SECTION. THE DEPARTMENT SHALL SUBMIT A REPORT
59 ANNUALLY TO THE JOINT STANDING COMMITTEE OF THE
60 GENERAL ASSEMBLY HAVING COGNIZANCE OF MATTERS
61 RELATING TO COMMERCE WHICH SHALL INCLUDE A SUMMARY
62 OF INFORMATION IN THE MANUFACTURING FACILITY
63 DATABASE AND INFORMATION ABOUT THE FIXING OF
64 ASSESSMENTS UNDER SECTION 32-71.

65 Sec. 2. Section 32-70a of the general
66 statutes is repealed and the following is
67 substituted in lieu thereof:

68 (a) On or before October 1, [1993] 1998, the
69 Commissioner of Economic and Community Development
70 shall adopt goals for enterprise zones designated
71 under section 32-70, AS AMENDED. Such goals shall

72 include, but not be limited to, increasing private
73 investment, expanding the tax base, providing job
74 training and job creation for residents of
75 enterprise zones and reducing property abandonment
76 and housing blight in enterprise zones. SUCH GOALS
77 SHALL BE DEVELOPED IN CONSULTATION WITH
78 MUNICIPALITIES HAVING ENTERPRISE ZONES AND AFTER
79 REVIEW OF MUNICIPAL REVITALIZATION PLANS SUBMITTED
80 PURSUANT TO SECTION 32-70b.

81 (b) On or before January 1, [1994] 1999, the
82 Commissioner of Economic and Community Development
83 shall adopt performance standards to measure the
84 progress of municipalities with enterprise zones
85 in attaining the goals for enterprise zones
86 established under subsection (a) of this section.

87 (c) On or before July 1, [1994] 1999, and
88 annually thereafter, each municipality in which an
89 enterprise zone is located shall submit a report
90 to the commissioner evaluating the progress of the
91 municipality in meeting the performance standards
92 established under subsection (b) of this section.

93 (d) On or before January 1, [1995] 2000, the
94 commissioner shall assess the performance of each
95 enterprise zone. In making such assessment the
96 commissioner shall consider the report submitted
97 under subsection (c) of this section by the
98 municipality in which the enterprise zone is
99 located and any other information he deems
100 relevant. [The commissioner shall submit a copy of
101 his assessment to the municipality along with any
102 recommendations for improvement in the performance
103 of the enterprise zone.

104 (e) On or before January 1, 1998, the
105 commissioner shall assess the performance of each
106 enterprise zone and, notwithstanding]
107 NOTWITHSTANDING the provisions of section 32-70,
108 AS AMENDED, THE COMMISSIONER may remove the
109 designation if he determines that the enterprise
110 zone has not met performance standards established
111 under subsection (b) of this section.

112 Sec. 3. Section 32-70d of the general
113 statutes is repealed and the following is
114 substituted in lieu thereof:

115 Within thirty days after the Commissioner of
116 Economic and Community Development approves the
117 designation of an area as an enterprise zone in a
118 municipality under [subdivision (2) of subsection
119 (c) of] section 32-70, AS AMENDED, the

120 municipality shall establish a community
121 enterprise zone board. The board shall establish
122 policy for the promotion and development of the
123 zone, coordinate economic development programs in
124 the zone with related job training and social
125 services programs and adopt an enterprise zone
126 revitalization plan. The plan shall specify goals
127 and objectives for the enterprise zone, describe
128 strategies to attain such goals and establish an
129 implementation schedule. The municipality shall
130 submit its plan to the Commissioner of Economic
131 and Community Development for review and comment.
132 The board shall consist of (1) the following
133 officials of such municipality, or designees of
134 such officials: The official responsible for
135 economic development programs; the chief executive
136 official, or his designee; a representative of the
137 legislative body, who shall be appointed by such
138 body; the chief of police, or his designee; the
139 housing administrator, or his designee; and a
140 representative of the school board, who shall be
141 appointed by such board; (2) a representative of
142 the regional community-technical college serving
143 the region in which the municipality is located,
144 if applicable, who shall be appointed by the chief
145 executive officer of such college; (3) two
146 representatives of the business community of the
147 municipality, one of whom shall be a member of the
148 chamber of commerce from the municipality; (4) two
149 persons who own businesses located in the
150 enterprise zone; and (5) two representatives of
151 neighborhood community organizations serving the
152 area in which the zone is located or, if no such
153 organization exists, two residents of said area.
154 The board members described in subdivisions (3),
155 (4) and (5) shall be appointed by the chief
156 executive official of the municipality.

157 Sec. 4. Sections 32-70b and 32-70c of the
158 general statutes are repealed.

159 STATEMENT OF LEGISLATIVE COMMISSIONERS: In section
160 1, a comma was added after "BUT NOT LIMITED TO"
161 for grammar, "IN PROVIDING SUCH INFORMATION" was
162 added after "BURDEN IMPOSED ON SUCH AGENCIES AND
163 MUNICIPALITIES" for clarity, "AND MAINTENANCE OF
164 THE DATABASE" was added after "COLLECTION OF
165 INFORMATION" for clarity and in section 2, "UPON
166 REVIEW" was changed to "AFTER REVIEW" for clarity.

167	PRI	COMMITTEE VOTE:	YEA 11	NAY 0	JFS	C/R	CE
168	CE	COMMITTEE VOTE:	YEA 27	NAY 0	JF		

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5402

STATE IMPACT	Cost, see explanation below
MUNICIPAL IMPACT	Minimal Cost, Within Resources, see explanation below
STATE AGENCY(S)	Department of Economic and Community Development, Department of Revenue Services and Office of Policy and Management

EXPLANATION OF ESTIMATES:

STATE IMPACT: It is anticipated that the Department of Economic and Community Development (DECD) will need an additional employee costing \$45,000 due to the additional data which is required to be collected and compliance with tracking and evaluation deadlines with regard to the Enterprise Zone Program. DECD currently has one person working in this area. The program staff has been reduced over the years due to retirements and overall reduction in the agencies staffing level.

Any increase in the workloads of the Office of Policy and Management and the Department of Revenue Services due to providing support to DECD in its reporting and evaluating requirements, is anticipated to be minimal and within existing budgeted resources.

MUNICIPAL IMPACT: Requiring the 11 enterprise zone towns (Bridgeport, Hamden, Hartford, Meriden, New Britain, New Haven, New London, Norwalk, Waterbury and Windham) that established enterprise zones prior to October 1, 1993 to create the same community enterprise zone boards as the 6 zones created after that date (Bristol, East Hartford, Groton, Middletown, Stamford

and Southington) instead of a similar board, should create more consistency, but not impact costs. In addition, although the bill specifies that DECD can obtain data about the zone businesses from the towns, the agency is required to minimize reporting burdens on the communities. Therefore, only a minimal workload increase is anticipated.

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OLR BILL ANALYSIS

sHB 5402

AN ACT CONCERNING ENTERPRISE ZONES

SUMMARY: This bill specifies the kinds of information the Department of Economic and Community Development (DECD) must collect regarding the enterprise zone program, which provides property tax abatements, corporate business tax credits, job creation grants, and other benefits to owners who improve their properties in the state-approved zones. It requires the DECD commissioner to report the information annually to the Commerce Committee but does not specify a reporting date.

The bill resets the deadlines for preparing certain documents designed to evaluate the zones' effectiveness. It requires all 17 towns with enterprise zones to establish community enterprise zone boards. Under current law, this requirement applies only to towns that established zones after October 1, 1993. The bill eliminates the requirements that the other towns establish other types of boards and committees to develop and help implement enterprise zone plans.

EFFECTIVE DATE: October 1, 1998

FURTHER EXPLANATION

Reporting Requirements

The bill specifies the kind of data DECD must collect about businesses and other properties receiving enterprise zone benefits, and requires it to report the information annually to the Commerce Committee. The

law requires DECD to compile information about enterprise zone programs and activities and disseminate it upon request. The bill requires it to collect information about the businesses receiving state-reimbursed property tax abatements, the jobs they retain, the assessed value of their properties, and the other types of assistance they may have received. By law, manufacturers and specified types of service firms qualify for the abatements.

DECD must specifically identify each business' location; whether it is a start-up, expanding, or relocating business and, if the latter, its previous location; and whether it has gone out of business or left the zone or the state. It must identify the number of employees the business had at the time it was certified as eligible for the abatement and the number of jobs it created or retained over time.

DECD must collect data on the benefits the business received. It must identify the amount of the property tax abatement the business received and any actual increase in the property's assessed value. DECD must also identify whether the business received corporate business tax credits for creating new jobs and the number of jobs it created. It must identify the value of any state loans and grants the business received, including job creation grants, and the number of jobs that were created.

The bill also requires DECD to collect and maintain information about enterprise zone property owners who received property tax abatements for which the state provides no reimbursement. By law, residential and commercial property owners in the zones who improve their properties qualify for property tax abatements according to a statutory schedule.

Information Sources and Confidentiality

The bill allows DECD to obtain data about the businesses receiving state-reimbursed property tax abatements from the materials businesses submit. It requires local and state agencies to give DECD any information to comply with these reporting requirements. But it specifies that DECD must minimize the reporting burden imposed on these agencies.

The bill specifies that its reporting requirements do not supercede any laws regarding confidentiality. This provision applies to any information contained in an application for financial assistance from DECD or the Connecticut Development Authority (CGS Sec. 32-11a (k)). It also applies to information concerning a business' corporate tax returns (CGS Sec. 12-15).

Reporting Deadlines

The law sets deadlines by which the DECD commissioner had to prepare certain tools for tracking and evaluating enterprise zone activities, which he missed.

The bill resets these deadlines. It gives him until October 1, 1998 to prepare goals for the enterprise zones. Current law gave him until October 1, 1993. The bill requires him to develop the goals in consultation with enterprise zone towns and after reviewing the revitalization plans they had to submit under a statute the bill repeals.

The bill gives the commissioner until January 1, 1999 to adopt standards for measuring the extent to which the zones met their goals. Current law gave him until July 1, 1994. The bill gives the commissioner until January 1, 2000 to evaluate the zones. Current law gave him until January 1, 1995. The bill drops the requirement that he submit a copy of the evaluation to the towns.

Community Enterprise Zone Boards

The law requires towns that established enterprise zones after October 1, 1993 to create community enterprise zone boards to prepare revitalization plans and coordinate revitalization activities. This requirement applied to the six towns that established zones after 1993. The bill appears to extend this requirement to the 11 towns that established zones before 1993. It also eliminates the laws requiring them to create similar boards. In doing so, the bill retains the provision requiring towns to establish boards within 30 days after the DECD commissioner approved their zone designations.

Community enterprise zone boards must consist of (1) the town's chief executive officer (CEO); (2) a

representative of the town's legislative body; (3) the town's economic development official, the chief of police, and housing administrator; (4) a representative of the school board, appointed by the board; (5) a representative of any regional community-technical college serving the area, appointed by the college's chief executive officer; (7) two enterprise zone business owners; and (8) two representatives of neighborhood organizations, or if none exist, two zone residents. The town's CEO appoints the business and neighborhood representatives. The CEO, police chief, and housing administrator may appoint designees.

One of the laws the bill repeals requires towns to establish a board or to designate an existing one to develop a revitalization plan, which must be submitted to the DECD commissioner. The repealed law does not specify the board's composition. The other law requires towns to establish advisory committees to help plan and implement zone activities. It allows them to appoint local officials and members representing zone residents, businesses, and community-based organizations.

BACKGROUND

Enterprise Zone Towns

Bristol, East Hartford, Groton, Middletown, Stamford, and Southington established zones after 1993. The towns that established zones before that date are Bridgeport, Hamden, Hartford, Meriden, New Britain, New Haven, New London, Norwalk, Norwich, Waterbury, and Windham.

COMMITTEE ACTION

Program Review and Investigations Committee

Joint Favorable Substitute Change of Reference
Yea 11 Nay 0

Commerce Committee

Joint Favorable Report
Yea 27 Nay 0