



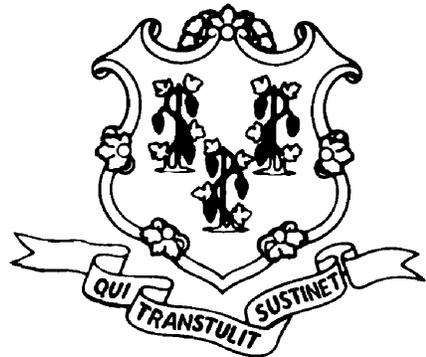
**THE CONNECTICUT  
DEPARTMENT OF  
ECONOMIC AND  
COMMUNITY DEVELOPMENT**

**LEGISLATIVE SUMMARY**

**2002**

**John G. Rowland  
Governor**

**James F. Abromaitis  
Commissioner**



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## **PUBLIC ACT 02-46 - SB 383**

*Government Administration & Election Committee*

### **AN ACT CONCERNING THE CONNECTICUT RESOURCES RECOVERY AUTHORITY AND PROHIBITING QUASI-PUBLIC AND STATE AGENCIES FROM RETAINING LOBBYISTS**

PA 02-46 is legislation in response to the ongoing investigation into the Connecticut Resources Recovery Authority (CRRA). This act does the following:

1. vests the powers of the CRRA board of directors in members who take office on June 1, 2002;
2. increases, from two to five, the number of directors who must represent towns that are members of the authority;
3. establishes criteria for certain other directors;
4. creates a steering committee of directors who must establish and implement a financial restructuring plan for the authority between June 1 and December 31, 2002;
5. requires the CRRA board to report on its efforts to mitigate the effects of lost revenue from the CRRA-Enron-Connecticut Light and Power Company transaction and to send copies of audit reports to the Finance, Revenue and Bonding Committee;
6. authorizes the attorney general to supervise legal matters and claims related to the CRRA-Enron-Connecticut Light and Power Company transaction;
7. allows CRRA to borrow up to \$115 million from the state, under certain conditions;
8. requires the state treasurer's approval before CRRA can issue any debt backed by a state capital reserve fund;
9. requires, rather than permits, contracts for various authority functions to be awarded by competitive bidding or competitive negotiation and requires the board to develop written contract procedures that include standards for award procedures;
10. allows CRRA to become an electric supplier, if it gets a license from the Department of Public Utility Control;
11. requires CRRA performance incentive plans for its officers and employees to be (a) written, (b) based on the performance of the authority and the person, (c) applicable to all officers and employees, and (d) approved by the board;
12. prevents quasi-public agencies and state agencies from retaining a lobbyist but permits their directors, officers, and employees to lobby on the agencies' behalf;
13. requires CRRA to post specified records and information on the Internet; and
14. requires the Program Review Committee to study whether CRRA's powers and duties should be exercised by a state agency or a quasi-public agency.

**EFFECTIVE DATE:** The act is effective upon passage for most provisions and January 1, 2003 for those on contracting, incentive plans, lobbying, and Internet postings.

**PUBLIC ACT 02-121 - HB 5708**

*Environment Committee*  
*Appropriations Committee*  
*Government, Administration and Elections Committee*  
*Judicial Committee*  
*Education Committee*  
*Transportation Committee*

**AN ACT CONCERNING REVISIONS TO THE CONNECTICUT ENVIRONMENTAL POLICY ACT**

The act creates a "public scoping process" by which state agencies must inform the public and other state agencies about proposals that may significantly affect the environment. It requires agencies proposing such actions ("sponsoring agencies") to hold a public meeting if 25 people, or an association having at least that many members, requests one. It specifies the information the sponsoring agency and other participating state agencies must provide at the meeting.

It requires the sponsoring agency to address and evaluate, in its environmental impact evaluation (EIE), substantive issues raised at the meeting and during the comment period, and increases the information EIEs must contain. By law and regulation, an EIE is a detailed written document on the environmental impact of a proposed action.

The act requires a sponsoring agency to submit its EIE and its responses for comment and review to OPM, as well as other agencies the law requires. It requires OPM to review the sponsoring agency's responses to the EIE in determining whether it is satisfactory.

The act requires the Council on Environmental Quality to post notices of the scoping process in the "Environmental Monitor," a publication the bill creates. It specifies when notice must be published and who must receive the publication.

The act expands the applicability of "actions affecting the environment" to Connecticut Environmental Policy Act (CEPA) statutes concerning evaluation reviews, notice to municipalities, OPM review, and the public health department's risk assessment of environmental contamination. Under current law, this definition applies only to the law concerning EIEs.

The act eliminates references to a "finding of no significant impact, (FONSI)," but FONSI are also required by regulation. It is not clear what impact the bill has on these regulations. Finally, the act eliminates a requirement that certain environmental statements prepared after July 8, 1975 be submitted to various agencies for review.

**EFFECTIVE DATE:**           October 1, 2002

**SPECIAL ACT 02-09 - SB 576**

*Government Elections and Administration Committee*

**AN ACT CONCERNING THE CONVEYANCE OF CERTAIN PARCELS OF STATE LAND**

This act has a number of sections affecting numerous parcels of land in the state. The two sections which impact DECD are sections 2 and 4.

Section 2 removes the requirement for a referendum in the Regional School District No. 8 (Andover, Hebron, and Marlborough) on the use of the land known as the Johnson Farm Parcel for a new high school. The new language requires that the town of Hebron shall be the approving authority concerning use of said property. Also, the DECD commissioner need not complete the acquisition of the property from Vision Housing Inc. until the town approves the conveyance of the property. The act requires the town to use the land for open space, recreational or public safety purposes instead of for construction of a new high school for the regional school district. The same reversion provisions apply if the town fails to use the property as specified in the act.

Section 2 of 02-09 also revises the cost of the property the town must pay, which under current law is 40% of the fair market value, by reducing it by the amount of delinquent property taxes owed to the town. The act requires the state and town to jointly choose an independent appraiser if they fail to agree on the fair market value of the property.

Section 4 of the act authorizes a quit claim deed releasing any right or restriction in an earlier quitclaim deed recorded in New London from the state to the federal government.

**EFFECTIVE DATE:**           Upon Passage

**SPECIAL ACT 02-01 - HB 6002 May Special Session**

*Emergency Certification*

**AN ACT CONCERNING ADJUSTMENTS TO THE STATE BUDGET FOR THE BIENNium ENDING JUNE 30, 2003, STATE REVENUES AND OPERATING A MOTOR VEHICLE WHILE UNDER THE INFLUENCE OF INTOXICATING LIQUOR**

The budget adjustment act was not passed during the regular session, but during the May special session. This legislation has numerous changes for the DECD. They are as follows:

Section 17 of the act credits to the agency the following funds. It should be noted that funding for these grants is normally provided in the department's operating budget.

Women's Business Development Center	10,000
Entrepreneurial Centers	200,000

**PAYMENTS TO LOCAL GOVERNMENTS**

Tax Abatement	2,243,276
Payment in Lieu of Taxes	<u>2,900,000</u>

<b>AGENCY TOTAL</b>	<b>5,353,276</b>
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Section 19 of the act amends the agency's general fund allocation. It reads as follows:

Personal Services	7,324,456	
Other Expenses	[3,086,872]	<u>2,876,319</u>
Equipment	1,000	
Elderly Rental Registry and Counselors	[647,060]	<u>617,654</u>
Cluster Initiative	[1,300,000]	<u>850,000</u>

**OTHER THAN PAYMENTS TO LOCAL GOVERNMENTS**

[Entrepreneurial Centers	215,000]	
<u>Subsidized</u> Assisted Living Demonstration	[1,769,625]	<u>394,000</u>
Congregate Facilities Operation Costs	[5,179,540]	<u>5,101,847</u>
Housing Assistance and Counseling Program	[ 384,600]	<u>378,831</u>
Elderly Congregate Rent Subsidy	[1,336,654]	<u>1,316,604</u>
[Tax Abatement	2,243,276]	
[Payment in Lieu of Taxes	2,900,000]	

<b>AGENCY TOTAL</b>	<b>[26,388,083]</b>	<b><u>18,860,711</u></b>
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Section 41 makes a number of one-time revenue enhancements to the General Fund by transferring dollars from quasi-public agencies. First, the sum of \$85,000,000 is being transferred from the resources of the CHFA, and credited to the General Fund. Subsection (b) transfers \$7,500,000 from CII and credits it to the General Fund. Finally an additional \$7,500,000 is to be transferred from the resources of CDA to be placed in the General Fund.

Section 55 imposes a new tax on certain businesses. The act imposes a \$250 annual state tax on foreign and domestic limited liability companies, limited liability partnerships, limited partnerships, and S corporations required by law to file annual reports with the secretary of the state.

The tax is due every year on or before the 15<sup>th</sup> day of the fourth month after the close of the business' taxable year for federal income tax purposes. If the businesses do not pay the tax within 30 days after it is due, they will, in addition to the tax, have to pay interest on it at a rate of 1% per month or fraction of a month, starting from the due date, and a \$50 penalty. This section is effective upon passage and applicable to income years commencing on or after January 1, 2002.

Section 56 of the act affects corporation tax depreciation rules. The act bars corporations from using a recently enacted federal bonus depreciation rule to determine net income for purposes of the corporation tax. Under current law, federal depreciation rules, including the bonus, automatically apply to state corporation tax determinations. Under this legislation, corporations must follow all applicable federal depreciation rules, except the bonus. This section is effective upon passage and applicable to property placed in service after September 10, 2001, in income years ending after said date.

Sections 57 and 58 specify a minimum corporation tax. The act bars companies from using tax credits to reduce their minimum corporation tax liability below the \$250 annual minimum tax. It also makes conforming changes to require financial services companies and each corporation included in a combined return, including those whose tax is computed and paid on a combined basis, to pay at least the \$250 minimum.

This section of the act becomes effective on July 1, 2002 and is applicable to income years beginning on or after January 1, 2002.

Section 59 sets specific corporation tax credit limits. The act limits the total value of corporation tax credits allowed to any company for any income year to 70% of its tax liability for the year without the credits. The limit applies to income years starting on or after January 1, 2002.

Section 60 outlines limits on research and development (R & D) tax credit refunds.

The act limits the annual amount a company may receive in payment of refunds for 65% of the value of unused corporation tax credits for R&D expenses as follows:

1. For credit refund applications for income years starting in 2000 and 2001 where the credit refund has not been paid as of July 1, 2002, a maximum of \$1 million during the state fiscal year in which the initial refund is paid, with any balance paid in two equal installments during the two following fiscal years.
2. For applications for income years starting in 2002 or thereafter, up to \$1.5 million per income year.

The act also specifies that, instead of applying for the credit when it files a final corporation tax return for the income year, a company must apply when it files its corporation tax return for the year, by the original or any extended due date. The act bars companies from filing credit refund applications after the return's original or extended due date.

Connecticut state law currently allows only companies with annual gross incomes of \$70 million or less to be eligible for the credit refunds. This section is effective July 1, 2002.

Sections 63 and 64 deal with corporation business tax overpayments.

The act bars DRS from paying interest on corporation or air carrier tax overpayments for the first 90 days after the last filing date for the tax return, excluding extensions, or after the date it is filed, whichever is later. For amended returns, the prohibition applies to the first 90 days after the amended return is filed. Any amended return filed before the last filing date, excluding extensions, must be considered as having been filed on the last day.

Currently, DRS must pay 0.66% interest for each month or part of a month that elapses between the tax due date or the overpayment date, whichever was later, and the date DRS gives notice of the refund. No interest is payable on refunds stemming from estimated payments made with tentative returns or to quarterly estimated tax payments. The act extends the interest payment requirements to overpayments of estimated tax and specifies that interest accrues from the date the overpayment is made to a date specified by the DRS commissioner that is not more than 30 days before the date of the refund check.

Under the act, returns and amended returns are considered filed only when they are filed on authorized forms and contain the taxpayer's name; address; identifying number; required signatures; and enough information, either on the return itself or in required attachments, to mathematically verify the tax liability shown on it.

For overpayments reported on late-filed or amended tax returns, the act declares that the current law does not permit DRS to pay interest for any period before the return is filed with the department.

This section is effective upon passage and applicable for returns and amended returns filed on or after July 1, 2001 and not allowed and paid before passage.

Sections 65 and 67 define the sales and use tax exemption for certain aircraft-related services.

The act exempts business analysis, management, consulting, and public relations services furnished in connection with an aircraft that is leased or owned by a commercial air carrier operating under a Federal Aviation Administration certificate or has a maximum certificated take-off weight of at least 6,000 pounds from sales and use taxes, retroactive to January 1, 1994. The act is effective on July 1, 2002 and applicable to sales occurring on or after January 1, 1994.

Sections 66 and 68 affect the sales and use tax on storage units.

The act applies the 6% sales and use taxes to businesses that rent space, other than space a person lives in, for storing personal property. These sections are effective on July 1, 2002, and applicable to sales occurring on or after that date.

Sections 69 and 70 make changes to the sales and use tax on computer and data processing services.

These sections defer the final step of a scheduled phase out of the sales and use taxes on computer and data processing services for two years. Under current law, the remaining 1% tax on such services will expire on July 1, 2002. The new legislation delays the expiration date and maintains the tax at 1% until July 1, 2004. These sections are effective on July 1, 2002, and applicable to sales occurring on or after that date.

Sections 71 and 74 provide for increases to the diesel fuel tax.

The act increases the tax on diesel, propane, and natural gas fuel sold in the state from 18 to 26 cents per gallon as of August 1, 2002. It imposes an excise tax of 8 cents on each gallon of diesel fuel that licensed gasoline dealers have in inventory as of either the close of business or 11:59 p.m. on July 31, 2002.

It also requires dealers, by September 1, 2002, to report to the DRS commissioner the number of gallons of diesel fuel they had in inventory at that time and to pay the excise tax.

These sections are effective upon passage and applicable to fuels sold or used in Connecticut on or after August 1, 2002.

Section 72 makes reductions to the conservation fund/fisheries account revenue.

For FY 2002-03, the act reduces by \$1 million, from \$3 million to \$2 million, the amount of tax revenue generated from the sale of motor fuel by distributors to boatyards, marinas, and other such facilities that must be transferred to the Conservation Fund. The section reduces the allocation to the fisheries account within the fund by \$1.05 million, from \$2.05 million to \$1 million. For FY 2003-04 and thereafter, the act restores the annual \$3 million revenue transfer to the fund and increases the required allocation to the fisheries account to \$2 million.

The act eliminates a \$75,000 fisheries account allocation to the DECD for an economic study of the lobster industry in Long Island Sound and a minimum \$850,000 fisheries account allocation to DEP to enhance recreational fishing.

Section 77 of the act requires individuals receiving income from businesses that are not required to pay the state corporation tax, such as limited liability partnerships, limited liability companies, and S corporations, to add back a recently enacted federal bonus depreciation allowance when figuring their Connecticut adjusted gross income for the state income tax (See Sec. 56 above). This section is effective July 1, 2002, and applicable to tax years beginning on or after January 1, 2002.

**EFFECTIVE DATE:** The sections mentioned above are effective July 1, 2002 except for sections 17, 65, 72 and 74 which are effective upon passage. The applicable effective date for the tax year for each section is specified in said section.

**PUBLIC ACT 02-86 - HB 5402**

*Commerce Committee*

*Judiciary Committee*

**AN ACT CONCERNING TERMS AND CONDITIONS OF STATE ECONOMIC DEVELOPMENT ASSISTANCE**

This act establishes a procedure to ensure that businesses receiving state economic development assistance comply with the terms and conditions of their assistance agreements. The procedure requires state agencies providing this assistance to notify businesses when they fail to comply with the agreements and to recover the assistance if the noncompliance persists. The act requires the agencies to impose liens on any security they require as a condition for providing assistance.

The act permits DECD, CDA, and CI to recover assistance from businesses that failed to meet their job creation and retention goals when it was in their power to do so. It also allows these agencies to modify the terms and conditions for their assistance when it is in the best interest of the state or local community. The modifications can include forgiving loan repayments, revising job creation and retention goals, and changing interest rates. They must notify the State Bond Commission about any changes. This legislation was a compromise between the Governor's office, the Speaker's office and DECD.

**EFFECTIVE DATE:** The act is effective July 1, 2002 with the notice and compliance provisions effective October 1, 2002.

## **PUBLIC ACT 02-134 - HB 5575**

*Labor and Public Employees Committee*

*Judicial Committee*

*Transportation Committee*

*Appropriations Committee*

### **AN ACT PROTECTING DISPLACED WORKERS**

The act requires entities that take over contracts to provide food and beverage services at Bradley International Airport to retain their predecessors' employees for at least 90 days. The successor contractor does not have to retain an employee with a poor attendance or performance record.

02-134 imposes responsibilities on the authority that initially awards the contract, the original contractor, and successor contractors who have 10 or more employees. It bars the successor contractor from firing the retained employees during the 90-day period except for just cause. The successor contractor can lay them off, but must do so by seniority. An employee displaced or terminated in violation of these provisions can sue for damages and reinstatement to his job. If a retained employee's performance during the 90-day period is satisfactory, the successor contractor must offer him continued employment under terms and conditions it sets, or as required by law.

An awarding authority or contractor that knowingly violates these provisions is subject to a fine of up to \$100 per employee for each day the violation continues.

The act applies to contracts entered on or after July 1, 2002 with (1) entities that agree to provide the covered services and (2) their subcontractors at any tier who employ 10 or more people. It does not apply to employees in managerial, supervisory, or confidential positions, or who work less than 15 hours per week. The act also applies to contracts awarded between July 1, 2001 and July 1, 2002, so long as the successor contractor actually knew that the legislature was considering legislation like the act.

**EFFECTIVE DATE:** July 1, 2002

**PUBLIC ACT 02-79 - HB 5138**

*Housing Committee*

*Planning and Development Committee*

**AN ACT CONFORMING HOUSING AUTHORITY PROCUREMENT PROCEDURES TO FEDERAL REQUIREMENTS AND CONCERNING THE SECURITY DEPOSIT GUARANTEE AND GRANT PROGRAM**

The act makes more people eligible for the security deposit guarantee and grant programs and makes state housing authority purchasing procedures consistent with federal laws in several ways.

The act broadens the eligibility criteria for the security deposit guarantee program to include people with state rental assistance program (RAP) or federal Section 8 certificates or vouchers.

Under current law, people are eligible for the program if they are on some form of public assistance or have a financial need and have lost, or are in danger of losing, their residence. The act also makes several related changes, including allowing the DSS commissioner to prioritize allocating security deposit guarantees between certain eligible people.

The act also makes people with RAP or Section 8 certificates or vouchers or receiving some form of public assistance eligible for the security deposit grant program.

The act makes state housing authority purchasing and procurement procedures consistent with federal law in the following three ways:

1. raises the spending threshold that triggers bidding requirements from exceeding \$25,000 to exceeding \$100,000 (federal threshold) and specifies that the requirements apply only to housing project construction work, supplies, or personal property;
2. imposes federal competitive proposal requirements for purchases at or below \$100,000; and
3. removes procurement of professional services at any expense level from bidding requirements and places it under federal competitive proposal requirements.

Under current law, all contracts or purchases involving an expenditure of more than \$25,000 must follow a competitive bid process, and no distinction is made between construction work and professional services. Current law allows an authority to waive the bid process for contracts up to \$30,000 by a vote of the authority board if it states the waiver is in the public interest.

**EFFECTIVE DATE:** July 1, 2002

**PUBLIC ACT 02-87 - HB 5434**

*Housing Committee*

*Planning and Development Committee*

*Finance, Revenue and Bonding Committee*

**AN ACT CONCERNING THE AFFORDABLE HOUSING LAND USE APPEALS  
PROCEDURE**

This act makes several changes to the affordable housing appeals procedure law. It extends, from three to four years, the length of an appeals procedure moratorium a town can obtain. It also extends, by one year, any moratorium in effect on the bill's effective date (October 1, 2002). By law, a town qualifies for a moratorium by obtaining a certification from the DECD commissioner showing it meets a specific threshold of affordable housing units created since 1990.

The act also adds deed-restricted mobile manufactured homes and accessory ("in-law") apartments to the list of affordable housing units that count toward a town's earning an exemption from the appeals procedure. The deed restriction must (1) be recorded on the land record; (2) last 10 years; and (3) require the units to be sold or rented at prices so that individuals or families, whose income is at most 80% of the median income, will pay no more than 30% of their income. It requires the DECD to produce model deed restrictions that satisfy these appeals procedure requirements.

Finally, the act eliminates the owner-occupied requirement for local-option property tax credits triggered by an affordable housing deed restriction.

**EFFECTIVE DATE:**           October 1, 2002

**PUBLIC ACT 02-99 - HB 5103**

*Housing Committee*

*Planning and Development Committee*

**AN ACT CONCERNING THE DISPOSITION OF STATE-ASSISTED HOUSING PROPERTIES IN DEFAULT**

The act allows the DECD commissioner to operate a housing project and receive state and federal funds on its behalf after he acquired the project to preserve the state's interest under the contract that initially funded it. It also allows, rather than requires, him to adopt regulations implementing the department's statutory purposes.

The act requires the commissioner to construct or renovate housing near the former Rice Heights public housing project in Hartford. The 388-unit project was demolished to make way for about 80 new homes, most of which are to be sold to the project's former tenants. The commissioner must develop the housing if the proposed number of new units at the site is reduced to make way for a new school. Former Rice Heights tenants must get priority for the housing.

The act also sets very narrow conditions under which a public housing authority commissioner can serve as its executive director. Current law requires someone who served as a commissioner to wait at least two years before the authority can hire him for any position. The act allows a current housing authority commissioner to serve as the authority's director if the authority was awarded "moving to work" status on January 19, 2001 under a federally funded program designed to help families living in government-funded housing secure better paying jobs. He can serve as director only until October 1, 2003.

**EFFECTIVE DATE:** Section 1 of the act is effective on July 1, 2002. All other sections are effective upon passage.

**PUBLIC ACT 02-78 - HB 5007**

*Transportation Committee*

*Commerce Committee*

*Government Administration & Election Committee*

**AN ACT CONCERNING REQUIRING THE CONNECTICUT TRANSPORTATION STRATEGY BOARD TO SUBMIT FINDINGS AND RECOMMENDATIONS FOR EACH NEW ECONOMIC DEVELOPMENT PROJECT**

Currently, the DECD, CDA and CI must submit an impact statement to the Connecticut Transportation Strategy Board (CTSB) for any project new to the state or for new construction that seeks funding from any of these agencies. Beginning January 15, 2003, this act (1) limits this requirement to projects that meet the State Traffic Commission's threshold requirements for a major traffic generator and (2) requires submission of the impact statement before DECD, CDA, or CI approves the project.

The current impact statement must indicate whether the project conforms to the CTSB's strategy. The act requires, in addition, that each statement (1) describe how the project addresses the CTSB's goals and (2) include any other information the CTSB requires, including (a) the size of any facility proposed in connection with the project and its hours of operation, (b) a projection of whether the project is likely to increase daily vehicle trips, including truck traffic, and (c) the availability of public transportation to and from the project.

The act requires the CTSB to give the submitting agency any findings or recommendations about the project. It is not required to approve the project. The act specifies that it is not to be construed to require any delay in implementing a project. The CTSB must also, subject to state Freedom of Information Act requirements, protect any confidential information and trade secrets it receives in connection with an impact statement. This legislation was a compromise between the Speaker's office and DECD.

**EFFECTIVE DATE:**           October 1, 2001

**PUBLIC ACT 02-04 - SB 700**  
**May/August Special Session**

*Emergency Certification*

**AN ACT CONCERNING STATE REVENUES**

In PA 02-1 of the May 9 Special Session, a \$250 annual state tax on foreign and domestic LLC's was imposed. PA 02-1 applied the tax to any LLC that is treated as a partnership for federal income tax purposes. Section 1 of this act exempts single-member LLC's from the tax unless they are not considered to be entities separate from their owners.

Sections 2, 3 and 4 of the act amend several changes made in PA 02-1 of the May 9 Special Session. These include several tax changes, including limiting total corporation tax credits, disallowing use of a special federal bonus depreciation rule for certain property under the corporation and income taxes, and prohibiting companies from using tax credits to reduce their corporation tax liability below a \$250 annual minimum. Although PA 02-1 took effect July 1, 2002, it applies its tax changes to income and taxable years beginning before that date.

The act exempts affected taxpayers from interest and penalty assessments if PA 02-1 creates or increases an underpayment in an estimated tax payment that was due on or before July 15, 2002. It also specifies that no penalties or interest accruals apply to corporation tax underpayments reported on supplemental, amended, or corrected returns if the underpayment is created by PA 02-1 and the original payment was due on or before August 1, 2002.

Section 7 of the act deals with property taxes on newly built power plants. By law, any municipality may treat a power plant that completed construction after July 1, 1998, as though it were located in an enterprise zone and used for commercial or retail purposes. Therefore, with the approval of its legislative body, it can fix the full amount of either the property tax or assessment on the plant's real and personal property both during and after construction, despite the enterprise zone law's requirement that towns fix property taxes or assessments only after the property improvement occurs.

The act allows municipalities to treat certain power plants on which construction is completed after July 1, 2002 in the same way, except that it allows them to fix the plant's taxes or assessment at less than the full amount. The legislation applies only to plants for which the operator submitted a permanent electric generating facility application to the Connecticut Siting Council between January 1, 2002 and March 30, 2002.

By law, the taxes or assessments set by the municipality must approximate the covered plant's projected tax liability based on a reasonable estimate of its fair market value that the municipality determined using its best efforts. Under this act, the less-than-full amount of taxes or assessments the municipality fixes for a covered plant must approximate a "commensurate portion" of that projected liability.

Section 8 of the act exempts earnings from wholesale sales of petroleum products to be used as fuel cell fuel if they occur between July 1, 2002 and June 30, 2004. (from the petroleum products gross earnings tax) Under current law, a "fuel cell" is defined as a device that produces electricity directly or indirectly from hydrogen or hydrocarbon fuel through an electro-chemical process, rather than by burning.

The act also extends, from July 1, 2002 to July 1, 2004, the expiration date of the tax exemption for wholesale sales of propane for motor vehicle fuel and extends the exemption back to such sales that occurred between January 1, 2000 and July 1, 2001.

Section 11 extends, from January 1, 2002 to January 1, 2004, the termination date of the credits against various business taxes for investments in alternative fuel vehicles and related fueling equipment. The credit is 10% of the added costs of buying a vehicle powered exclusively by alternative fuels (compressed natural gas (CNG), liquefied petroleum gas (LPG), liquefied natural gas (LNG), or electricity).

The act also extends, from January 1, 2002 to January 1, 2004, the termination date of the corporation tax credit for 50% of expenditures for building or modifying a filling station to provide CNG, LPG, or LNG, buying or installing equipment to convert a vehicle to run on one of these fuels or electricity, and buying or installing fueling equipment for any of these fuels.

Sections 13 through 15 suspend from July 1, 2002 to October 1, 2002 the 6% sales and use taxes to businesses that rent space, other than space a person lives in, for storing personal property. PA 02-1, May 9 Special Session, imposed the tax.

The act specifies that after October 1, 2002 the tax applies only to businesses that rent storage space and outlines the conditions of when the tax applies.

This tax does not apply when the following conditions exist:

1. rental of an entire building or warehouse;
2. general warehousing and storage where warehouse employees typically retrieve customer property and do not allow customers free access to the storage space; or
3. accepting specific property items for storage, such as clothing at a dry cleaning establishment or golf bags at a golf club.

Section 18 allows the DECD to renew, for two, rather than one two-year period, the determination that a municipality is severely harmed by defense cutbacks. This action would allow the determination to continue indefinitely instead of the current maximum of four years. Under current law, the DECD must still hold a public hearing and make specific findings before each renewal. The determination entitles certain manufacturing facilities located in the municipality to property tax exemptions and business tax credits for non-defense economic development projects and entitles the municipality to a grant equal to one-half the foregone property tax revenues.

Section 19 deals with the eligibility for R&D credit refunds. By law, qualifying companies that have no corporation tax liability are entitled to payment of refunds for 65% of the value of unused corporation tax credits for R&D expenses, up to certain limits. The act extends this provision to companies that pay the \$250 minimum corporation tax to qualify for the R&D credit refunds.

PA 02-1 of the May 9 Special Session barred companies from using tax credits to reduce their corporation tax liability below the minimum, so it is no longer possible for a company to have no tax liability.

**EFFECTIVE DATE:** Section 1 is effective upon passage and applicable to taxable years commencing on or after January 1, 2002. Sections 2, 3, 4, 7, and 18 are effective upon passage. Section 8 is effective July 1, 2002. Section 11 is effective July 1, 2002 and applicable to income years commencing on or after July 1, 2002. Section 13 is effective July 1, 2002, and applicable to sale occurring on or after that date. Section 14 is effective October 1, 2002 and applicable to sales occurring on or after that date. Section 15 is effective January 1, 2003 and applicable to sales occurring on or after that date. Section 19 is effective upon passage and applicable to income years starting on or after January 1, 2002.

**PUBLIC ACT 02-05 - SB 701**  
**May/August Special Session**

*Emergency Certification*

**AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS**

The act implements and amends bond authorizations for the next two years. The following sections affect the DECD:

Section 1 (b) of the act reduces the amount of Urban Actions bonds for the DECD from \$81.3 million to \$74.6 million for a \$6.7 million reduction. The same section adds an additional \$7 million of Urban Actions bonds for the agency effective July 1, 2003.

Section 13 reduces the CDA Connecticut Works Fund from \$128 million to \$95 million for a reduction of \$33 million.

Section 14 reduces the DECD's MAA Fund from \$525 million to \$505 Million for a reduction of \$20 million. This section also removes the allotment of \$30 million which was to be provided to the agency on July 1, 2002. The act now allots \$10 million in MAA funds to the DECD on July 1, 2003.

Section 16 of the act requires the DECD to arrange the transfer of all or part of its housing loan portfolio to the Connecticut Housing Finance Authority, in consultation with OPM and the state treasurer.

Section 17 of the act establishes a revolving fund to provide low-interest loans to renovate and repair apartment buildings located in distressed municipalities to meet the State Building Code or other state or municipal health codes or to otherwise make buildings suitable for tenants. The fund consists of money the DECD may allocate from an affordable housing assistance program established in 2001 and money available to DECD or the revolving loan fund from other sources

Program loans must go to the building owners. To be eligible, a building must have no more than 20 residential units, which may include a unit occupied by the owner.

The act allows the DECD commissioner to undertake the following:

1. require an owner applying for a loan to submit a copy of the building inspector's report listing the code violations in the building and a cost estimate for the repairs to correct the violations;
2. prioritize loans by such factors as types of repairs to be financed, building location, the owner's ability to repay, and the extent to which the repairs will extend the building's useful life;

3. contract with nonprofit organizations to administer the fund while retaining sole authority to approve loans; and
4. adopt regulations to establish application procedures and set loan priorities.

Section 18 of the act requires the DECD to establish a three-year matching grant demonstration program to promote environmentally safe housing and energy conservation by repairing and replacing wooden windows in two-to-six-family buildings built before 1950.

The DECD may run the program in one or more municipalities. Of the first three, at least two must have populations of 100,000 or over and one must have a population under 100,000. The maximum grant is \$100 per window. The legislation allows the DECD to fund the program from an affordable housing assistance program established in 2001 or from any other money available to the agency.

The act allows the DECD to contract out program operation to one or more entities and requires him to adopt regulations to implement it. The program ends on June 30, 2005. The agency must report to the Housing Committee by February 1, 2005 the status of the program.

Section 21 of the act allows the OPM secretary to select another state agency to administer the Small Town Economic Assistance Program (STEAP) grants on OPM's behalf. Most towns with fewer than 30,000 people are eligible for the grants, which fund a wide range of physical development projects. The law authorizes up to \$20 million in bonds in both FY 2001-02 and FY 2002-03 for the program.

Section 28 set a date for a specified portion of the bonds authorized for three CCEDA funded projects. The new allocation is effective July 1, 2003. On that date, \$3 million of the \$25 authorized for riverfront infrastructure development and improvements, \$4 million of the \$14 million authorized for housing rehabilitation and new construction, and \$3 million of the \$25 million authorized for demolition and redevelopment are effective.

Section 29 repeals provisions authorizing up to \$200 million in state and city funding for the Steel Point project in Bridgeport. Under current law, the CDA has until January 1, 2003 to issue bonds for the project up to a limit of \$120 million or 20% of the project's cost whichever is less. The act also eliminates authority for the DECD and CI to provide funds for the project.

The act eliminates state and local TIF mechanisms for the project. In eliminating the TIF financing for the project, the act also eliminates requirements for CDA to conduct an economic analysis of the project, for the city to apply to CDA for the bond issue, and certain reporting requirements.

This section of the act also rescinds a 1994 requirement that the DOT transfer a 25.71 acre parcel of land in New Haven to the DECD. The subject parcel is bounded by North Frontage Road, Ella Grasso Boulevard, South Frontage Road (Legion Avenue), and the westerly face of the air rights parking garage located east of Park Street.

Current law requires the DECD to lease the parcel to the Thirty-Four Development Corporation, or its successor, for \$1 per year, and requires the lessee to use the land for biomedical, advanced technology and other economic base projects, and associated infrastructure such as parking and support services.

**EFFECTIVE DATE:** All sections mentioned above are effective July 1, 2002 except sections 21 and 29 which are effective upon passage.

**PUBLIC ACT 02-07 - HB 6004**  
**May/August Special Session**

*Emergency Certification*

**AN ACT CONCERNING STATE EXPENDITURES**

There are no sections which have a direct impact on the DECD in this public act.

There are, however, a few which may be of interest to the agency. The sections are as follows:

Section 11 amends PA 01-6 of the June Special Session. The act requires DRS to direct \$688,202 in hotel tax revenue to the DOT for the Rocky Hill, Chester, and Hadlyme ferries during FY 2002-03. This new legislation diverts \$350,000 of this sum to the Connecticut Historical Commission for the continued operation of state museums.

Section 12 of the act transfers the Connecticut Historical Commission from the State Department of Education to the State Library.

Section 13 of the act allows the Community Technical-Colleges' trustees to develop, within available appropriations, manufacturing technology centers on three campuses in geographically diverse locations.

Sections 27 and 28 of the act authorize DSS, within available appropriations, to establish two new pilot programs to pay for assisted living services for a limited number of people living in private assisted living facilities whose assets and income qualify them for the state's home care program. It requires the DSS commissioner to use the current Medicaid transfer of asset rules for both the federal waiver and the state-funded program.

The legislation allows both pilot programs to begin on or after January 1, 2003 and requires the DSS commissioner to report on the programs by January 1, 2005 to the Public Health, Human Services, and Appropriations committees.

Section 72 allows all unspent funds, instead of just funds over \$700,000, of the amount appropriated in FY 2001-02 for the Office of Workforce Competitiveness Jobs Funnel program to be carried over. Currently, the remaining 2001 funding for the program is not subject to lapse.

Section 113 of the act reduces the DOT's \$32,044,264 appropriation for the Transportation Strategy Board for FY's 2001-03 by \$364,000 and directs that \$1.2 million of the appropriation be spent as follows:

1. \$1 million for jobs access programs to Southeast Connecticut and Dial-a-Ride,
2. \$100,000 for a study of an "L" Bus Route, and;
3. \$100,000 for an urban downtown traffic plan or downtown distributor transportation services for rail passengers.

**EFFECTIVE DATE:** All of the sections are effective upon passage except for Section 72 which is effective on July 1, 2002.

**SPECIAL ACT 02-01 - SB 702**  
**May/August Special Session**

*Emergency Certification*

**AN ACT CONCERNING THE AUTHORIZATION OF BONDS OF THE STATE FOR  
CAPITAL IMPROVEMENTS AND OTHER PURPOSES**

This act implements numerous changes for the bonding of state dollars. The following sections affect the DECD:

Section 9(b) allots to the DECD a grant-in-aid to the City of Bridgeport for the remediation of the waterfront, including any predevelopment costs, not exceeding \$10,000,000.

Section 24 specifies that bonds funds shall be allotted to CI for financial aid for biotechnology and other high technology laboratories, facilities and equipment, not to exceed \$5,000,000.

Section 89 repeals Subdivision (5) of subsection (d) of section 9 of SA 01-2 of the June Special Session which allotted funds to the Regional Economic Development Program. This program allows for state matching funds to be used for the cost of regional economic planning, including grants to regional organizations for purposes of economic development. The amount redacted was \$3,000,000.

Section 104 repeals Subdivision (3) of subsection (d) of section 28 of special act 01-2 of the June Special Session which allotted \$4,000,000 for the Regional Economic Development Program for the following fiscal year.

Section 105 amends subsection (e) of section 28 of special act 01-2 of the June Special Session to reduce a previous allotment for CI from \$10,000,000 to \$5,000,000.

**EFFECTIVE DATE:** All sections listed are effective July 1, 2002, except for section 24 which is effective July 1, 2003.

## LEGEND

AAC	"An Act Concerning..."
CDA	the "Connecticut Development Authority"
CHFA	the "Connecticut Housing Finance Authority"
CI	"Connecticut Innovations Inc."
Commissioner	Unless otherwise defined, is the Commissioner of DECD
CTSB	Connecticut Transportation Strategy Board
DECD	the "Department of Economic and Community Development"
Department	DECD
DOT	the "Department of Transportation"
DSS	the "Department of Social Services"
DSR	the "Division of Special Revenue"
DRS	the "Department of Revenue Services"
HB	"House Bill"
LLC	"limited liability company"
MAA	the "Manufacturing Assistance Act"
OPM	the "Office of Policy and Management"
PA	"Public Act"
SB	"Senate Bill"
SA	"Special Act"

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