



Department of Economic and Community Development



LEGISLATIVE SUMMARY 2015

Dannel P. Malloy
Governor

Catherine H. Smith
Commissioner

LEGEND

AAC	“An Act Concerning...”
CAA	“Connecticut Airport Authority”
CII	“Connecticut Innovations, Inc.”
Commissioner	Unless otherwise defined, is the Commissioner of DECD
CRDA	“Capitol Region Development Authority”
CTSB	“Connecticut Transportation Strategy Board”
DECD	the “Department of Economic and Community Development”
Department	“DECD”
DEEP	the “Department of Energy and Environmental Protection”
DOT	the “Department of Transportation”
DPH	the “Department of Public Health”
DSS	the “Department of Social Services”
DRS	the “Department of Revenue Services”
HB	“House Act”
JSS	“June Special Session”
LLC	“limited liability company”
MAA	the “Manufacturing Assistance Act”
MME	“Manufacturing Machinery and Equipment”
OHE	the “Office of Higher Education”
OPM	the “Office of Policy and Management”
OBRD	the “Office of Brownfield Remediation and Development”
OWC	the “Office of Workforce Competitiveness”
PA	“Public Act”
SA	“Special Act”
SB	“Senate Act”
SSS	“September Special Session”

Sources of Information

The following summaries have been compiled from the Office of Legislative Research and Office of Fiscal Analysis and tailored specifically for the Department of Economic and Community Development. Only Public Acts affecting, or of interest to, the Department are included in this summary.

Prepared by:
Department of Economic & Community Development
2015

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AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO COMMERCE-RELATED STATUTES

SUMMARY: This act corrects references in the economic development statutes.

EFFECTIVE DATE: Upon passage

AN ACT CONCERNING THE QUALIFICATIONS AND DUTIES OF THE EXECUTIVE DIRECTOR OF THE OFFICE OF MILITARY AFFAIRS

SUMMARY: This act (1) requires that a person achieve the rank of field grade or senior officer, instead of the lower rank of officer, to be the Office of Military Affairs executive director, and (2) modifies the director's duties.

To reflect existing practice, the act expands the director's duties to include (1) advocating for service members and their families to other state agencies, (2) initiating and sustaining collaborative partnerships with local military commanders, and (3) consulting with the Department of Economic and Community Development on proposed financial assistance agreements with defense and homeland security firms.

It eliminates requirements that the director: (1) support the development of a Defense and Homeland Security Industry Cluster, (2) establish and coordinate a Connecticut Military and Defense Advisory Council to provide technical advice and assistance, and (3) oversee the implementation of the recommendations of the Governor's Commission for the Economic Diversification of Southeastern Connecticut.

The act also makes two minor changes to the director's duties. Prior law required the director to act as a liaison to consultant lobbyists hired by the state to monitor federal Base Realignment and Closure (BRAC) activities. The act instead requires the director to coordinate the activities of consultants hired by the state during BRAC. The act also specifies that the director's duty to enhance military members' quality of life pertains to those stationed in or deploying from Connecticut.

EFFECTIVE DATE: October 1, 2015

AN ACT CONCERNING A LONG ISLAND SOUND BLUE PLAN AND RESOURCE AND USE INVENTORY

SUMMARY: This act requires the Department of Energy and Environmental Protection (DEEP) commissioner, within available resources, to:

1. coordinate the completion of an inventory of Long Island Sound's uses and natural resources by a UConn subcommittee (i. e., the "Long Island Sound Resource and Use Inventory") and
2. develop a plan to preserve and protect the Sound that may include maps, illustrations, and other media (i.e., the "Long Island Sound Blue Plan").

The commissioner must do these things in conjunction with a 16-member Long Island Sound Resource and Use Inventory and Blue Plan Advisory Committee, which the act creates.

The act establishes a process for developing the inventory and plan, including provisions for public input. The draft inventory and plan must be completed by March 1, 2019, and the public must have at least 90 days for review and comment. The commissioner must adopt a final draft plan within 90 days after the public comment period ends. Once final, the plan must be (1) reviewed by the Environment Committee and (2) submitted to the General Assembly for approval before it can take effect. The act requires the inventory and plan to be reviewed and updated every five years.

Under the act, the plan's policies, locations, or standards must apply in a spatial planning area as depicted on a map the advisory committee prepares. DEEP and other state or local agencies must consider the plan when reviewing applications to conduct certain coastal activities.

EFFECTIVE DATE: July 1, 2015

LONG ISLAND SOUND RESOURCE AND USE INVENTORY

Under the act, the inventory must be completed by a Long Island Sound Inventory and Science subcommittee convened by UConn. It must comprise the best available information and data on the Sound's natural resources and uses, including all of its:

1. plants, animals, and habitats;
2. ecologically significant areas in nearshore and offshore waters and their substrates (i.e., surfaces where organisms grow);
3. uses of the waters and substrates, such as (a) boating and fishing; (b) waterfowl hunting; (c) shellfish beds; (d) aquaculture and energy facilities; (e) shipping corridors; and (f) electric power line, gas pipeline, and telecommunications crossings; and
4. updates and additions to the comprehensive environmental assessment and plan on Long Island Sound crossings (such as pipelines).

LONG ISLAND SOUND BLUE PLAN

Purposes

The act requires the plan to:

1. establish the state's goals, siting priorities, and standards for effective stewardship of the Sound's waters held in trust for public benefit;
2. promote science-based management practices that consider existing natural, social, cultural, historic, and economic characteristics of planning areas within the Sound;
3. preserve and protect traditional riparian and water-dependent uses and activities;
4. promote maximum public access to the Sound's waters for traditional public trust uses, such as boating and fishing, unless restricting access is (a) a national security interest or (b) necessary to protect coastal resources or preserve public health, safety, and welfare;
5. reflect the Sound's importance to state residents who make a living from boating or fishing or enjoy recreational boating or fishing;
6. analyze the implications of existing and potential uses and users of the Sound, focusing on avoiding conflicts;

7. reflect the value of biodiversity and ecosystem health with regard to ecosystem interdependence;
8. identify and protect special, sensitive, or unique estuarine and marine life and habitats, such as scenic and visual resources;
9. adapt to evolving knowledge and understanding of the marine environment, including climate change and sea level rise adaptation;
10. foster sustainable uses that capitalize on economic opportunity without significant detriment to the Sound's ecology or natural beauty;
11. support infrastructure needed to sustain the state's economy and quality of life;
12. identify appropriate locations and performance standards for activities, uses, and facilities regulated under state permit programs, such as measures to guide siting uses in ways consistent with the plan; and
13. reflect the importance of planning for the Sound as an estuary that crosses state boundaries, including identifying potential measures that encourage the planning.

Under the act, the plan must be consistent with the inventory described above and provide for ongoing acquisition and application of up-to-date resource and use data, including seafloor mapping. It must also be consistent with the State's Plan of Conservation and Development and the goals and policies in the state's Coastal Management Act.

The act requires the plan to be developed by a transparent and inclusive process that seeks widespread public and stakeholder participation and encourages public input in decision making. The plan must be coordinated, developed, and implemented with New York, to the greatest extent feasible. It must also be coordinated, to the greatest extent feasible, with local, regional, and federal planning entities and agencies that include the (1) Connecticut-New York Bi-State Marine Spatial Planning Working Group, (2) Long Island Sound Study, and (3) National Ocean Policy's Northeast Regional Planning Body (see BACKGROUND).

Areas Subject to the Plan

Waters and Submerged Lands. The waters and submerged lands subject to the commissioner's planning, management, and coordination authority under the plan include Long Island Sound and its bays and inlets, from the mean high water line to the state's waterward boundaries with New York and Rhode Island. The act specifies that the high water line is defined by the most recent data of the National Oceanic and Atmospheric Administration.

Spatial Planning Area. The act requires the advisory committee (see below) to prepare a map showing a spatial planning area where the plan's siting policies, location identifications, or performance standards for activities, uses, and facilities must apply.

The act specifies that the spatial planning area is located seaward of the bathymetric contour (line of underwater depth) of minus ten feet North American Vertical Datum to the state's waterward boundaries with New York and Rhode Island. But it does not extend into (1) any river that flows into the Sound beyond the first motor vehicle or railroad bridge crossing the river or (2) an area along the river that the economic and community development (DECD) commissioner approves as an enterprise zone, which, under the act, must be known as a defense plant zone.

PUBLIC INVOLVEMENT AND COMMENTS

Developing the Draft Inventory and Plan

To help the commissioner develop the inventory and plan, the act requires the advisory committee to hold at least three public hearings in different coastal municipalities to receive public comments and submissions. The act requires that one hearing each be held (1) east of the Connecticut River, (2) west of the Housatonic River, and (3) between the Connecticut and Housatonic rivers. It allows the committee to provide other public outreach and input measures to assure stakeholder engagement and representation.

While helping to complete the draft inventory and plan, prior to its availability for public comment, the committee must consult with the DECD commissioner and representatives from:

1. the telecommunications industry,
2. waterfront businesses,
3. the state's two federally recognized Indian tribes, and
4. the tourism or recreation industry.

To the extent feasible, the committee also must consult with applicable New York state agencies, advisory counterparts, and the Connecticut-New York Bi-State Marine Spatial Planning Working Group to create a mutually agreeable process to develop the inventory and plan.

After Draft Completion

Once the draft inventory and plan are completed, the act requires the DEEP commissioner to make them available for public review and comment for at least 90 days. He must post them, and the notice of public comment period, on DEEP's and the Office of Policy and Management's (OPM) websites. Notice must also be published in the *Environmental Monitor* and the *Connecticut Law Journal*.

The commissioner must adopt a final draft no later than 90 days after the public comment period ends.

GENERAL ASSEMBLY REVIEW

Under the act, once a final draft of the plan is completed, the commissioner must submit it to the Environment Committee for review. The committee must hold a public hearing on the plan within 45 days after the start of the next legislative session. It must, within 45 days after this hearing, submit to the General Assembly (1) the plan and (2) its recommendation for approval or disapproval.

The plan takes effect when it is approved by a majority vote of each chamber. If the legislature disapproves it, in whole or part, it is deemed rejected and must be returned to the advisory committee for revision.

The act requires revisions to the inventory and plan to be submitted to the Environment Committee and approved by the General Assembly, following the same procedure as described above. The DEEP commissioner is responsible for reviewing and updating the inventory and plan at least once every five years.

PUBLIC OUTREACH PROGRAM

The act requires the DEEP commissioner to develop and implement a public outreach and information program to inform the public about the plan. It also requires the advisory committee to hold at least one public hearing each year to receive public comments and submissions on the inventory and plan. The program and hearing must be accomplished within available resources.

USE OF THE INVENTORY AND PLAN

Under the act, once the inventory and plan are approved as described, the plan must be considered when reviewing applications for:

1. aquaculture operations permits or producer licenses and seaweed planting and cultivation licenses;
2. shellfish grounds leases and licenses;
3. certificates of environmental compatibility and public need from the Connecticut Siting Council;
4. emergency or temporary authorizations for certain regulated activities to prevent loss of life, health, wealth, or property;
5. electric power line, gas pipeline, or telecommunications crossings of Long Island Sound;
6. dredging; erecting structures; placing fill, obstructions, or encroachments; or conducting work related to these activities in tidal, coastal, or navigable waters waterward of the coastal jurisdiction line;
7. coastal structure maintenance and other activities eligible for a certificate of permission from DEEP;
8. discharging water, substances, or materials into state waters; or
9. a state water quality certification pursuant to federal law.

The act allows the plan to be used for guidance in pre-application discussions between applicants and the DEEP commissioner.

It also requires the commissioner to seek federal approval needed to incorporate the plan as an enforceable policy in the state's coastal management program under the federal Coastal Zone Management Act.

ADVISORY COMMITTEE

Membership

Under the act, the advisory committee consists of 16 members. It includes (1) the DEEP, transportation, and agriculture commissioners, or their designees;(2) the OPM secretary, or his designee; (3) one Connecticut Siting Council representative; and (4) 11 appointed members, as Table 1 shows.

Table 1: Advisory Committee Appointees

<i>Appointing Authority</i>	<i>Number</i>	<i>Qualifications</i>
Governor	Five	A faculty member from UConn's marine sciences programs A representative of the gas and electric distribution industries A representative of the shellfish industry or an organization familiar with commercial or recreational aquaculture A representative of a nonprofit conservation organization with expertise in marine assessments and planning A representative of coastal municipalities
Senate president pro tempore	One	A representative of a conservation organization that specializes in coastal issues
Senate majority leader	One	A representative of the commercial boating or shipping industries
Senate minority leader	One	A representative of the marine trades industry
House speaker	One	A representative of the commercial finfish industry
House majority leader	One	A representative of coastal municipalities
House minority leader	One	A representative of the recreational fishing and hunting community

Under the act, the DEEP commissioner serves as the committee's chairperson and must convene the first meeting by August 30, 2015 (i.e., 60 days after the act's effective date). The act allows him to ask committee members to help with administrative functions, such as convening and noticing meetings and drafting assessments and reports.

The act places the committee in DEEP for administrative purposes only. Thus, it makes DEEP responsible for, among other things, providing administrative and clerical functions for the committee to the extent the DEEP commissioner considers necessary.

Committee Responsibilities

In addition to helping the DEEP commissioner develop the draft inventory and plan, the act requires the committee to advise the commissioner on operating, implementing, and updating the inventory and plan within six months after the General Assembly's approval. It must also meet quarterly to review the plan's implementation, identify emerging issues, and recommend any needed or desired changes to the plan.

BACKGROUND

Long Island Sound Study

In 1985, in an effort to better protect Long Island Sound, the federal Environmental Protection Agency, Connecticut, and New York formed the Long Island Sound Study, a partnership of federal and state agencies, user groups, organizations, and individuals seeking to restore and protect the Sound.

National Ocean Policy's Northeast Regional Planning Body

Formed by a presidential Executive Order in 2010, the National Ocean Policy encourages a science-based spatial planning process to analyze current and future uses of ocean, coastal, and Great Lakes areas. The approach is executed through regional planning bodies. Members of the Northeast Regional Planning Body include federal, tribal, state, and New England Fishery Management Council representatives.

AN ACT CONCERNING THE RETURN OR USE OF UNUSED GRANT AWARDS FROM THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

SUMMARY: This act requires the Department of Economic and Community Development (DECD) to include in grant agreements a date by which a grant recipient must either (1) return unused grant funds to DECD or (2) apply to DECD for authorization to use the funds for another purpose.

EFFECTIVE DATE: October 1, 2015

AN ACT CONCERNING THE CONNECTICUT AIRPORT AUTHORITY'S RECOMMENDATIONS REGARDING OPERATION OF THE AUTHORITY, AIRPORT DEVELOPMENT ZONE ADMINISTRATION AND THE AUTHORITY'S JURISDICTION OVER AERONAUTICS IN THE STATE

SUMMARY: This act transfers jurisdiction over airports and air travel (i.e., aeronautics) in the state from the Department of Transportation (DOT) to the Connecticut Airport Authority (CAA), except that the DOT commissioner retains jurisdiction over the taking of property connected with airports.

The act also:

1. allows the CAA board to authorize the executive director to make nonbudgeted expenditures of up to \$500,000 under certain circumstances;
2. transfers CAA's administrative functions related to airport development zones (ADZs) to the Department of Economic and Community Development (DECD) in order to comply with federal law; and
3. requires the CAA advisory committee, which consults with the executive director on Bradley International Airport, to include at least one representative from western Massachusetts.

Finally, the act makes numerous minor, technical, and conforming changes in transferring aeronautics jurisdiction to CAA and ADZ administration to DECD.

EFFECTIVE DATE: Upon passage

§§ 7 - 58 – AERONAUTICS JURISDICTION

The act generally transfers jurisdiction over aeronautics in the state from DOT to CAA, conforming to existing law and current practice. Specifically, it authorizes CAA to:

1. administer aircraft registration (§§ 8 - 12);
2. approve the location of municipal airports (§ 13);
3. prepare and adopt plans to establish and expand state airports (§ 14);
4. issue certificates of approval and licenses to establish and operate airports and related air navigation facilities (e. g. , heliports and restricted landing areas) (§§ 16 - 19);
5. oversee licensed airports and related facilities (§ 20);
6. administer federal airport grants for state and municipal airports (§ 21);

7. make grants to municipalities and provide engineering and technical services to municipal and commercial airports (§ 21);
8. acquire development rights for airports (§ 22);
9. administer a veterans set-aside program for certain airport noise mitigation projects (§ 23);
10. respond to complaints of repeated aircraft landings and takeoffs from unlicensed facilities (§ 24);
11. issue airport and aircraft inspector credentials (§ 26);
12. issue rules and procedures to ensure public safety and promote aeronautics in the state (§ 27);
13. participate in certain aeronautics-related lawsuits (§ 28);
14. enforce aeronautics laws, including inspecting airports and related facilities (§§ 29, 30, 32 - 34);
15. investigate and report on aircraft accidents (§ 35);
16. revoke or suspend aircraft operating rights as the law allows (§31 & 33-34);
17. establish clear zones and remove obstructions through statutory procedures (§§ 36 - 39);
18. issue permits for utility lines (§ 40);
19. establish and charge fees for the use of properties the authority controls and services it provides (§ 41);
20. take custody of abandoned aircraft (§ 42);
21. serve as the appointed agent for service of process against nonresident aircraft owners and operators (§ 43);
22. formulate and adopt airport approach plans (§§ 44 - 48); and
23. administer and enforce financial security requirements and procedures for aircraft owners and operators (§§ 49-58).

Under the act, the DOT commissioner generally retains all powers related to the taking of land for aeronautics purposes. However, the act requires CAA to establish and publish standards for determining if public convenience and necessity requires the DOT commissioner to take land to (1) establish or expand airports (§ 15) or (2) provide unobstructed air space (§ 36).

§ 2 – NONBUDGETED EXPENDITURE APPROVAL

Prior law required CAA's executive director to get approval for any nonbudgeted expenditure over \$5,000. The act allows CAA's board of directors to authorize the executive director to make nonbudgeted expenditures of up to \$500,000 without prior board approval (1) to restore operations at any CAA airport that (a) is damaged, or has equipment that is damaged, by a natural disaster or (b) incurs a substantial casualty loss that creates unsafe conditions or (2) when failing to act would disrupt operations.

Within 24 hours of making a nonbudgeted expenditure, the executive director must notify the board chair or vice chair of the expenditure's amount and purpose.

§§ 3 - 6 & 59 – AIRPORT DEVELOPMENT ZONE ADMINISTRATION

The act transfers the authority's ADZ administrative functions to DECD in order to comply with the Federal Aviation Administration's (FAA) revenue diversion policy (see BACKGROUND).

In doing so, it:

1. authorizes the department, rather than CAA, to establish additional ADZs surrounding general aviation airports or any other airports within the CAA's authority;

2. requires DECD, rather than CAA, to issue certificates to businesses it determines to be eligible for ADZ benefits and follow reconsideration procedures for those it denies; and
3. eliminates provisions requiring (a) the authority to report annually to the department on ADZs and (b) the department to consult with the authority when making recommendations regarding ADZs in its annual report.

Under prior law, the DECD commissioner was responsible for developing and submitting ADZ proposals to the authority for review and approval. Under the act, municipalities develop and submit new ADZ proposals to DECD, and the commissioner must approve or reject their proposals. It also allows the commissioner, instead of CAA, to modify the geographic scope of a proposed ADZ in order to balance economic benefits with state and municipal cost.

By law, eligible businesses in ADZs qualify for the same property and corporate income tax benefits as those in enterprise zones. Existing law requires DECD to administer the enterprise zone program, including administering the property tax exemptions granted to businesses in ADZs.

BACKGROUND

FAA's Revenue Diversion Policy

Federal law and FAA policy require, as a condition of receiving federal airport development grants, that all airport revenues be used for the operating and capital costs of the airport, the local airport system, or certain other facilities directly related to the air transportation of passengers or property. FAA policy specifically prohibits using airport revenue for general economic development purposes not directly related to airport development. If the FAA determines that an unlawful diversion of funds has occurred, it may withhold payment of existing or future grants and assess civil penalties, among other things (49 U. S. C. §§ 47107; 64 Fed. Reg. 7696).

Public Act# 15-222

SB# 957

AN ACT CONCERNING REVISIONS TO THE REGENERATIVE MEDICINE RESEARCH FUND AND THE CONNECTICUT BIOSCIENCE INNOVATION FUND, AND THE CONSOLIDATION OF CERTAIN FUNDS OF CONNECTICUT INNOVATIONS, INCORPORATED

SUMMARY: This act makes several programmatic and administrative changes to Connecticut Innovations, Incorporated (CI) programs. It:

1. allows CI to award additional forms of financial assistance from the Regenerative Medicine Research Fund (RMRF),
2. eliminates the RMRF's peer review committee and requires RMRF's advisory committee to contract with a third party to select peer reviewers to review financial assistance applications,
3. expands eligibility for financial assistance from the Bioscience Innovation Fund to include businesses in operation between three and seven years,
4. limits Bioscience Innovation Fund eligibility to businesses in certain clinical trial phases, and
5. folds two CI funds into the Connecticut Growth Fund.

EFFECTIVE DATE: July 1, 2015, except provisions on the Bioscience Innovation Fund, which are effective upon passage.

REGENERATIVE MEDICINE RESEARCH FUND

Additional Financing

The act allows CI to provide extensions of credit, loans, loan guarantees, equity investments, or other forms of financing from the RMRF and makes conforming changes. Under prior law, CI could only award grants from the RMRF to eligible entities. By law, eligible entities are nonprofit academic institutions, hospitals conducting biomedical research, and other entities conducting biomedical or regenerative medicine research.

Peer Review

The act modifies the peer review process for RMRF financial assistance applications. Prior law required a five-member peer review committee to review all assistance applications. Peer review committee members were appointed by CI's CEO, served no more than two four-year terms, and were required to adhere to conflict of interest provisions and the public officials' code of ethics.

The act eliminates the peer review committee and requires the RMRF's advisory committee, which oversees the RMRF, to contract with a third party to select peer reviewers to review assistance applications. It also requires the advisory committee, instead of the peer review committee, to establish rating and scoring guidelines for all applications and allows it to consult with the contracted third party to do so.

The act applies to peer reviewers several provisions that applied to the peer review committee under prior law. It:

1. requires peer reviewers to review all financial assistance applications and make recommendations to the RMRF's advisory committee regarding the applications' ethical and scientific merit;
2. requires that peer reviewers (a) understand the medical and ethical implications of, and have practical research experience in, regenerative medicine or related research fields, including embryology, genetics, or cellular biology and (b) work to advance regenerative medicine research;
3. requires peer reviewers to be cognizant of the National Academies' Guidelines for Human Embryonic Stem Cell Research and use them to evaluate assistance applications; and
4. allows CI to pay peer reviewers, at a rate it establishes, for reviewing assistance applications.

The act also prohibits peer reviewers from reviewing their own applications, any applications submitted by institutions in which they have a financial interest, or any applications from institutions with which they engage in any business, employment, transaction, or professional activity.

BIOSCIENCE INNOVATION FUND

The act extends eligibility for financial assistance from the Bioscience Innovation Fund to businesses in operation between three and seven years by including such businesses in the definition of "early-stage business." Under prior law, only businesses operating for three or fewer years were considered "early-stage" and thus eligible for the assistance. The act also limits eligibility for financial assistance to those early-stage businesses that have not begun phase II evaluation clinical trials, which are those conducted under an independent peer-reviewed

protocol that has been reviewed and approved by the National Institutes of Health or the Food and Drug Administration. By law, an eligible early-stage business must be developing or testing a product or service that is not commercially released or is commercially available in a limited manner.

CONSOLIDATION OF CERTAIN FUNDS

Effective July 1, 2015, the act folds the Business Environmental Clean-Up Revolving Loan Fund and the Environmental Assistance Revolving Loan Fund (“funds”) into the Connecticut Growth Fund (see BACKGROUND). In doing so, it:

1. makes the subfunds of the Environmental Assistance Revolving Loan Fund subfunds of the Growth Fund;
2. transfers the funds' cash, notes, receivables, and all other assets, liabilities, appropriations, authorizations, and attributes to the Growth Fund;
3. treats any of the funds' outstanding loans, guarantees, and lines of credit as having been made from the Growth Fund and credits any payments received for them to the Growth Fund;
4. permits CI to make loans from the Growth Fund for any purpose currently allowed from the funds, subject to existing requirements and restrictions;
5. specifies that loans made from the Growth Fund for the funds' purposes are not subject to certain Growth Fund provisions; and
6. requires loans from the funds that are pending before and authorized after July 1, 2015 to be made from the Growth Fund.

BACKGROUND

Business Environmental Clean-Up Revolving Loan Fund

CI may provide loans from the Business Environmental Clean-Up Revolving Loan Fund to businesses for (1) converting vehicles to use alternative fuels or (2) containing, removing, or mitigating spills or other hazards involving oil, petroleum, or other chemicals (CGS § 32-23z).

Environmental Assistance Revolving Loan Fund

CI may provide grants, loans, loan guarantees, and lines of credit to businesses or municipalities for pollution prevention activities from this fund (CGS § 32-23qq).

Connecticut Growth Fund

CI's Connecticut Growth Fund provides capital to businesses important to the state's economic base for a number of purposes, including equipment purchases and working capital (CGS § 32-23v).

Public Act# 15-57

SB# 677

AN ACT ESTABLISHING TAX INCREMENT FINANCING DISTRICTS

SUMMARY: This act allows municipalities, through their legislative bodies, to establish a tax increment district (generally known as a tax increment financing (TIF) district) to finance economic development projects in eligible areas. It allows a municipality to finance projects in the district by (1) designating all or part of the new or incremental real property tax revenue generated in the district for repayment of costs incurred to fund the projects, (2) imposing

assessments on real property in the district benefiting from certain public improvements (i.e., benefit assessments), and (3) issuing bonds backed by these revenue streams to pay project costs.

The act imposes certain criteria for designating a TIF district. Under the act, a district must encompass property that is (1) blighted; (2) in need of rehabilitation or conservation; or (3) suitable for certain types of development, including downtown or transit-oriented development. The act limits the (1) taxable value of the districts a municipality may create to no more than 10% of the total value of its taxable property and (2) district's duration to a maximum of 50 fiscal years.

The act specifies a process for establishing a TIF district that, among other things, requires a municipality to (1) consider the proposed district's contribution to the municipality and its residents, (2) determine whether the district conforms to its plan of conservation and development, and (3) hold at least one public hearing on the proposal.

It requires a municipality's legislative body to adopt a master plan for the TIF district and prescribes the plan's components, including a financial plan that defines the costs and revenue sources required to accomplish the master plan.

To carry out a district master plan, the act allows municipalities to issue bonds with up to 30-year terms backed by various sources, including (1) their full faith and credit (i.e., general obligation (GO) bonds); (2) the income, proceeds, revenues, and property within the district; and (3) tax increment revenues and benefit assessments.

Existing law allows municipalities to use TIF to finance economic development projects, but under narrower conditions than those the act establishes. Among other things, existing law generally (1) limits the type of projects eligible for TIF, (2) restricts the use of incremental tax revenue to repaying outstanding TIF bonds, and (3) requires multiple entities to approve the use of TIF (see BACKGROUND).

EFFECTIVE DATE: October 1, 2015

§§ 1-3 & 9 – ESTABLISHING AND DISSOLVING DISTRICTS

Legislative Body

The act allows a municipality's legislative body to establish a tax increment district within the municipality's boundaries in accordance with the act's requirements. The district is effective when the legislative body approves it and adopts a district master plan, as described below. If the municipality operates under a charter, the act specifies that the district may not conflict with the charter.

Advisory Board

The act encourages the legislative body to create a board to advise it and other designated entities on (1) planning, constructing, and implementing the district master plan and (2) maintaining and operating the district after the plan's completion. The advisory board's members must include people who own or occupy real property in or adjacent to the district.

Conditions for Approval

The act requires municipalities to take certain steps prior to establishing a district and approving a district master plan.

Planning Commission. At least 90 days prior to approving the district and plan, the municipality must transmit the plan to its planning commission, if it has one. The commission must study the plan and issue a written advisory opinion, including a determination as to whether the plan is consistent with the municipality's plan of conservation and development.

Public Hearing. The municipality must hold at least one public hearing on the proposed district. It must publish notice of the hearing at least 10 days in advance in a newspaper with general circulation in the municipality and include (a) the hearing's date, time, and place and (b) a legal description of the proposed district's boundaries.

Approval Criteria. The municipality must determine whether the proposed district meets certain criteria. Its legislative body (or board of selectmen if the legislative body is a town meeting) must consider whether the proposed district and district master plan will contribute to the municipality's economic growth or well-being or improve its residents' health, welfare, or safety.

In addition, the original assessed value of the proposed district (i. e. , the value of all taxable real property in the district as of the prior October 1), plus the original assessed value of all of the municipality's existing TIF districts, cannot exceed 10% of the total value of taxable property in the municipality as of the October 1 immediately preceding the district's establishment. This calculation does not include any TIF districts established after October 1, 2015 consisting entirely of "contiguous property" owned by a single taxpayer. Under the act, contiguous property includes parcels divided by a road, power line, railroad line, or right-of-way. The municipality may not establish a district if this criterion is not met.

Lastly, the municipality's legislative body must determine whether a portion of the district's property is (1) substandard, insanitary, deteriorated, deteriorating, or blighted; (2) in need of rehabilitation, redevelopment, or conservation; or (3) suitable for industrial, commercial, residential, mixed-use, retail, downtown, or transit-oriented development.

The act defines "downtown" as a community's central business district or other commercial neighborhood area that serves as a center of socioeconomic interaction, characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious, and residential buildings and public spaces, typically served by public infrastructure, and arranged along a main street and intersecting side streets.

It defines "transit-oriented development" as the development of residential, commercial, and employment centers within one-half mile or walking distance of a transit facility, including rail and bus rapid transit and services that meet transit supportive standards for land uses, built environment densities, and walkable environments in order to facilitate and encourage the use of such services. It defines a transit facility as a place providing access to transit services, including bus stops and stations, highway interchanges used by more than one transit provider, ferry landings, train stations, shuttle terminals, and bus rapid transit stops.

Dissolving the District or Changing Its Boundaries

Under the act, a municipality's legislative body may vote to dissolve a district or change its boundaries at any time, as long as the district does not have any outstanding bonds, other than municipal GO bonds.

§ 2 – DISTRICT POWERS

Development

The act authorizes a municipality, within a district and consistent with its district master plan, to:

1. acquire, construct, reconstruct, improve, preserve, alter, extend, operate, and maintain property or promote development to meet the plan's objectives (in doing so, it may acquire property, land, and easements through negotiation or by other legal means);
2. execute and deliver contracts, agreements, and other documents related to the district's operation and maintenance;
3. issue bonds and other obligations in accordance with the act;
4. enter into fixed assessment agreements for real property in the district, subject to the restrictions described below;
5. accept grants, advances, loans, or other financial assistance from public or private sources and do anything necessary or desirable to secure such aid; and
6. according to terms it establishes, (a) provide services, facilities, or property; (b) lend, grant, or contribute funds; and (c) take any other action it is authorized to perform for other municipal purposes.

These powers are in addition to those the municipality has under the Constitution, the statutes, special acts, or the act's other provisions.

Fixing Assessments in the District

The act allows a municipality, through its board of selectmen, town council, or other governing body, to enter into written agreements with a taxpayer to fix the assessment of real property in the district for up to 15 years. The property's fixed assessment, plus the value of any future improvements, cannot be less than its assessment as of the last regular assessment date without the future improvements.

The act requires any fixed assessment agreements to be recorded on the municipality's land records. Any such recording (1) constitutes notice to the property's subsequent purchasers or encumbrancers, whether they acquire the property voluntarily or involuntarily, and (2) is binding.

A municipality may bring an action in the Superior Court for the judicial district in which it is located to force a taxpayer to comply with the agreement's terms.

§ 4 – DISTRICT MASTER PLAN

Requirement

The act requires a municipality's legislative body to adopt a (1) "district master plan" for the district and (2) statement of the percentage or amount of "increased assessed value" that will be designated as "captured assessed value" under the plan, as described below. It must adopt the plan at the same time it adopts the district, pursuant to the act's procedures.

Purpose

Under the act, the "district master plan" is a statement of means and objectives relating to a district designed to (1) provide new employment opportunities, (2) retain existing employment, (3) provide housing opportunities, (4) improve or broaden the tax base, or (5) construct or improve physical facilities and structures. It achieves these means and objectives through

industrial, commercial, residential, retail, or mixed-use development; transit-oriented development; downtown development; or any combination of these.

Components

The district master plan must include:

1. a legal description of the district's boundaries;
2. the tax identification numbers for its lots or parcels;
3. the present condition and uses of its land and buildings;
4. the public facilities, improvements, or programs anticipated to be financed in whole or part;
5. the (a) industrial, commercial, residential, mixed-use, or retail improvements and (b) downtown or transit-oriented development anticipated to be financed in whole or part;
6. a plan for maintaining and operating the district after its planned capital improvements are completed;
7. the district's maximum duration, which cannot exceed 50 fiscal years, beginning with the year in which the district is established; and
8. a financial plan, as described below.

Financial Plan Component

The act requires the district master plan to include a financial plan that identifies the project costs and revenue sources required to accomplish the district master plan. The plan must contain:

1. cost estimates for the anticipated public improvements and developments;
2. the maximum amount of indebtedness to be incurred to implement the plan;
3. the anticipated revenue sources;
4. a description of the terms and conditions of any agreements, including any anticipated assessment agreements, contracts, or other obligations related to the plan;
5. estimates of the district's increased assessed values; and
6. for each year, the (a) portion of the increased assessed values that will be applied to the plan as captured assessed values and (b) resulting tax increments.

Amending and Reviewing the Plan

The act (1) authorizes the municipality's legislative body to amend the plan and (2) requires it to review the plan at least once every 10 years after its initial approval in order for the district and plan to remain in effect. The act specifies that these provisions do not apply to plans that include development funded in whole or part by federal funds, if prohibited by federal law.

§ 5 – TAX INCREMENT REVENUES

In addition to imposing benefit assessments to finance projects, the act allows a municipality to finance them using the new or incremental real property tax revenue generated in the district. It also allows the municipality to use these revenue streams to repay the bonds issued to finance the projects, as described below.

Captured Assessed Value

The act allows a municipality to designate all or part of the district's new or incremental real property tax revenue ("tax increment") to finance all or part of the district's master plan. Under the act, the amount of tax increment revenue designated by the municipality is determined by the district's "captured assessed value," that is, the percentage or amount of the incremental increase in property values ("increased assessed value") that is used from year to year to finance

the plan's project costs. The incremental increase in property values is the amount by which the value of the district's property as of October 1 of each year ("current assessed value") exceeds its original assessed value. The captured assessed value is subject to any fixed assessment agreements.

Upon the municipality establishing the district and adopting its master plan, its assessor must certify the original assessed value of the taxable real property within the district's boundaries. The assessor must also annually certify the:

1. current assessed value of the district's taxable real property,
2. amount by which the current assessed value has increased or decreased from the original assessed value, and
3. amount of the captured assessed value.

Apportioning Property Taxes in the Municipality

The act requires that property taxes paid by property owners within the district be apportioned equally with the property taxes paid by other property owners in the municipality located outside the district. It specifies that its provisions do not authorize the unequal apportionment or assessment of taxes on real property in the municipality.

§ 5 – DISTRICT MASTER PLAN FUND

Municipalities that have designated a percentage or amount of captured assessed value in their district master plans must establish a fund for depositing the resulting incremental tax revenues and paying project costs. They must also deposit in the fund any benefit assessments imposed on real property in the district, as described below.

Account Structure

The fund must consist of a (1) project cost account and (2) development sinking fund account for any bonds issued to carry out or administer the district master plan. The act authorizes the municipality to transfer funds between the accounts, as long as the transfers do not result in a balance in either account that is insufficient to cover its annual obligations.

Project Cost Account. The project cost account is pledged to and charged with paying project costs outlined in the financial plan, including reimbursing project cost expenditures incurred by a public body (e. g. , the municipality, a developer, property owner, or other third-party entity), other than reimbursements paid with bond proceeds.

Development Sinking Fund Account. The development sinking fund account is pledged to and charged with (1) paying interest and principal on district bonds as they come due, including any redemption premium; (2) paying the costs of providing or reimbursing any entity that provides a guarantee, letter of credit, bond insurance policy, or other credit enhancement device used to secure debt service payments on district bonds; and (3) funding any required reserve fund.

Depositing Tax Increment Revenues

The municipality must annually set aside all tax increment revenues on captured assessed values and deposit the revenues in a specific order. The revenues must first go to the development sinking fund account, in an amount necessary to pay the annual debt service on the bonds issued (taking into account estimated future revenues that will be deposited to the account and earnings

on such amount), excluding any GO bonds issued by the municipality that are backed solely by its full faith and credit. Any remaining revenues must go to the project cost account.

Excess Revenues

At any time during the district's term, the municipality's legislative body may vote to return to the municipality's general fund any tax increment revenues remaining in either account that exceed the amount necessary to pay the account's obligations. In doing so, it must take into account any transfers made between the accounts.

Audit Requirement

The act requires the district master plan fund and its accounts to be audited annually by an independent auditor according to generally accepted accounting principles. The audit report must be (1) open to public inspection and (2) provided to the Auditors of Public Accounts.

§ 6 – ELIGIBLE COSTS

The act limits the use of a district master plan fund to paying certain costs for (1) improvements made within the district; (2) improvements made outside the district that are directly related to or necessary for the district's establishment or operation; and (3) economic development, environmental improvements, and employment training associated with the district.

Improvements Made in the District

The act allows the fund to pay the following costs for improvements made within the district:

1. capital costs, as described below;
2. financing costs, including closing and issuance costs, reserve funds, and capitalized interest;
3. real property assembly costs;
4. technical and marketing assistance program costs;
5. professional service costs, including licensing, architectural, planning, engineering, development, and legal expenses;
6. maintenance and operation costs (i.e., the cost of the activities necessary to maintain and operate facilities after their development, including informational, promotional, and education programs, as well as safety and surveillance activities);
7. administrative costs, including reasonable charges for the time municipal employees, other agencies, or third-party entities spend implementing a district master plan; and
8. organizational costs related to the district's planning and establishment, including the cost of conducting environmental impact studies, informing the public about the district, and implementing the district master plan.

Under the act, capital costs include the cost of:

1. acquiring or constructing land, improvements, infrastructure, public ways, parks, buildings, structures, railings, street furniture, signs, landscaping, plantings, benches, trash receptacles, curbs, sidewalks, turnouts, recreational facilities, structured parking, transportation improvements, pedestrian improvements, and other related improvements, fixtures, and equipment for public use;
2. acquiring or constructing land, improvements, infrastructure, buildings, and structures, such as facades, signage, fixtures, and equipment for industrial, commercial, residential, mixed-use, retail, or transit-oriented development;

3. demolishing, altering, remodeling, repairing, or reconstructing existing buildings, structures, and fixtures;
4. remediating environmental contamination;
5. preparing a site and finishing work; and
6. incurring associated fees and expenses, such as licensing, permitting, planning, engineering, architectural, testing, legal, and accounting expenses.

Improvements Made Outside the District

For improvements made outside the district that are directly related to or necessary for establishing or operating the district, the fund may pay the:

1. portion of the costs reasonably related to constructing, altering, or expanding facilities required due to improvements or activities within the district, including roadways, traffic signals, easements, sewage or water treatment plants or other environmental protection devices, storm or sanitary sewer lines, water lines, electrical lines, fire station improvement, and street signs;
2. costs of public safety and public school improvements made necessary by district's establishment; and
3. costs of mitigating any of the district's adverse impacts on the municipality and its constituents.

Other Development-Related Costs

The act also allows the fund to pay costs related to economic development, environmental improvements, or employment training associated with the district. This includes (1) economic development programs or events; (2) environmental improvement projects; (3) permanent economic development revolving loan funds, investment funds, and grants; and (4) services and equipment necessary for employment skills development and training, including scholarships to in-state educational institutions for jobs created or retained in district.

§ 7 – BENEFIT ASSESSMENTS

Funding Mechanism

Under the act, a municipality that constructs, improves, extends, equips, rehabilitates, repairs, acquires, or provides a grant for public improvements may assess a proportion of the improvement costs as a benefit assessment on such real property. It may, by ordinance, apportion the value of such improvements according to a formula that reflects the actual benefits accruing to the various properties because of the development and maintenance.

The municipality may (1) require property owners to pay the benefit assessments in annual installments for up to 30 years and (2) forgive the benefit assessments in any given year without affecting future installments. The municipality may assess buildings or structures constructed or expanded in the district after the initial benefit assessment is imposed as if they had existed at the time of the original benefit assessment.

Revising and Adopting the Assessments

The municipality must revise and adopt the assessments at least once a year within 60 days before the start of the fiscal year. If the municipality imposes the benefit assessments before acquiring or constructing the public improvements, it may subsequently adjust the assessments once the improvements are complete to reflect their actual cost.

Public Hearing and Notice Requirement

Requirement. Prior to estimating and imposing a benefit assessment, the municipality must hold at least one public hearing on the payment schedule or any revisions to it. It must publish a notice of the hearing at least 10 days in advance in a newspaper with general circulation in the municipality.

The notice must include:

1. the hearing's date, time, and place;
2. a legal description of the district's boundaries;
3. a statement that all interested property owners in the district will be given an opportunity to (a) be heard at the hearing and (b) file objections to the assessment amount;
4. the maximum assessment to be extended in any one year; and
5. a statement indicating that the proposed list of properties to be assessed and the estimated assessments against those properties are available at the town or assessor's office.

The notices may also include the maximum number of years that the assessments will be levied. The municipality must make the proposed benefit assessment schedule available to any member of the public, upon request, by the notice's publication date.

Process. The act applies the same statutory public hearing and appeal procedures to district benefit assessments as apply under existing law to municipal sewer system benefit assessments levied by water pollution control authorities (CGS § 7-250). The act substitutes the municipality's board of finance (or legislative body if it has no board of finance) for the water pollution control authority for purposes of this process. The municipality must also follow this process when increasing benefit assessments or extending the number of years that they will be levied.

Under that process, the municipality's board of finance must hold a public hearing on proposed benefit assessments and provide notice of the time, place, and purpose of the hearing at least 10 days in advance. The notice and a copy of the assessments must be (1) published in a newspaper with general circulation in the municipality and (2) mailed to the last known address of the affected property owners. The board must file a copy of all proposed assessments with the municipal clerk at least 10 days before the hearing.

Once the board has determined the actual amount of the assessment, it must file a copy of the assessment with the municipal clerk and, within five days after such filing, (1) publish a copy of it in a newspaper with general circulation in the municipality and (2) mail a copy of it to the last known address of the affected property owners.

The mailings and publications must state the date on which they were filed with the town clerk and that all appeals must be taken within 21 days of that date. People aggrieved by a benefit assessment may appeal to the (1) Superior Court for the judicial district in which the property is located or (2) board of assessment appeals, if the municipality has adopted an ordinance authorizing the board to hear such appeals.

A court appeal (1) must have a return date that is between 12 and 30 days after the appeal is served and (2) is privileged in respect to its assignment for trial. The court may appoint a state referee to appraise the benefits to the property and report to the court. The court's judgment, confirming or altering the assessment, is final. The owner's appeal does not stay proceedings for

collecting the assessment but the appellant must be reimbursed for any overpayments made if his or her assessment is reduced as a result of the appeal.

Collection and Enforcement

The municipality has the same powers to collect and enforce the benefit assessments as it does for municipal taxes. It must establish the payment due date and provide notice of the due date at least 30 days in advance by (1) publishing it in a newspaper with general circulation in the municipality and (2) mailing it to the last known address of the affected property owners. Assessment revenues must be paid into the appropriate district master plan fund account.

Unpaid benefit assessments are liens against the property. Property owners must pay the same interest rate on delinquent assessments as on delinquent property taxes (1.5% per month or 18% per year). The liens (1) may be continued, recorded, and released in the same manner as property tax liens; (2) take precedence over all other liens and encumbrances, except those for municipal property taxes; and (3) may be enforced in the same way as property tax liens.

§ 8 – BONDS

To carry out or administer a district master plan or other functions under the act's provisions, municipalities may issue bonds and other obligations (e.g., refunding bonds, notes, interim certificates, and debentures) backed by:

1. their full faith and credit (i.e., GO bonds);
2. the income, proceeds, revenues, and property within the district, including grants, loans, advances, or contributions from state, federal, or other sources;
3. tax increment revenues and benefit assessments; or
4. any combination of these sources.

Under the act, only the municipality's GO bonds count towards its bond cap.

The act requires municipalities to authorize any such bonds, without the state's consent, by resolution of its legislative body, regardless of any other statute, municipal ordinance, or charter provision governing municipal bond issuances. The municipality's legislative body, or the municipal officers to which the legislative body delegates authority for issuing the bonds, must determine:

1. how the bonds will be issued and sold;
2. their interest rates, including variable rates;
3. the term over which they will mature, which must be no more than 30 years;
4. when interest will be paid;
5. whether and under what terms bonds may be purchased or redeemed; and
6. all other issuing conditions.

It allows the municipality to secure the bonds by executing a trust agreement with a bank or trust company that contains reasonable provisions for protecting and enforcing bondholders' rights. Any pledge the municipality makes concerning such agreement is (1) valid and binding from the time it is made; (2) immediately subject to a lien without physical delivery of the money; and (3) valid and binding against all parties with claims against the municipality, regardless of whether the parties received specific notice of the lien. It specifies that any expenses the municipality incurs in carrying out the trust agreement may be treated as project costs.

The act also provides that (1) any pledge the municipality makes concerning the bonds is binding from the time it is made and (2) the revenue received is immediately subject to the pledge's lien without physical delivery of the money.

The act assures bondholders that state and local entities may invest in the bonds and that the state will not limit or alter the district, or the municipality's powers and duties with respect to the district, until the bonds are repaid.

The act specifies that its provisions do not restrict a municipality's ability to raise revenue to pay project costs by any other legal means.

BACKGROUND

Existing Municipal TIF Programs

By law, municipalities can use TIF to repay bonds issued to finance physical projects in areas designated for redevelopment (CGS § 8-124 et seq.), urban renewal (CGS § 8-140 et seq.), or municipal development (CGS § 8-186 et seq.). Redevelopment and urban renewal areas must be blighted; municipal development areas must be suitable for commercial and industrial uses.

State-designated distressed municipalities and targeted investment communities can also use bond-funded TIF to finance information technology projects; all municipalities can use it to clean up and redevelop contaminated property anywhere in a municipality (CGS § 32-23zz).

Public Act# 15-155

HB# 6259

AN ACT CONCERNING THE BOUNDARIES OF REGIONAL ECONOMIC DEVELOPMENT DISTRICTS

SUMMARY: This act increases, from eight to nine, the maximum number of regional economic development districts (REDD) that can be established in the state. By law, regional planning and economic development organizations may establish REDDs to coordinate economic development projects and prepare comprehensive economic development strategies, which are required for certain types of federal Economic Development Administration (EDA) assistance (e.g., infrastructure and business development assistance).

Under prior law, REDDs had to either align (1) with at least one planning region's boundaries or (2) to the extent practicable, with former county boundaries. The act eliminates the latter option, thus requiring REDD boundaries to align with at least one planning region's boundaries. Currently, there are nine planning regions.

The act eliminates the requirement that each REDD meet economic distress criteria established in federal regulations (see BACKGROUND). It also makes a technical change.

EFFECTIVE DATE: October 1, 2015

BACKGROUND

Economic Distress Criteria

Federal regulations require recipients of certain types of EDA assistance to meet at least one of the following economic distress criteria:

1. an unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point above the national average unemployment rate;
2. per capita income that is, for the most recent period for which data are available, 80% or less of the national average; or
3. a special need, as determined by the EDA (13 CFR 301.3 (a)(1)).

AN ACT CONCERNING THE FAILURE TO FILE FOR CERTAIN TAX EXEMPTIONS, THE EXTENSION OF CERTAIN TAX CREDITS AND DEVELOPMENT PROGRAMS, EXEMPTIONS FROM CERTAIN FINANCIAL ASSISTANCE AND ADMISSIONS TAX REQUIREMENTS, AND VALIDATIONS

SUMMARY: This act exempts:

1. any athletic event presented by a member of the Atlantic League of Professional Baseball at Bridgeport's Harbor Yard Ballpark from July 1, 2015 to June 30, 2017 from the admissions tax (§11) and
2. state economic development funds awarded before July 1, 2020 to a West Haven mixed-use development project or related infrastructure from the law requiring legislative approval when a project's total state economic development funding exceeds \$10 million (§10).

The act extends the statutory deadlines for:

1. the (a) state to provide funds for Bridgeport's Steel Point development project and (b) Steel Point Special Taxing District to issue bonds to finance infrastructure improvements in the district (§§8 & 9),
2. taxpayers in specified towns to file claims for certain property tax exemptions (§§1-6), and
3. municipalities participating in the land value taxation pilot program to submit implementation plans to specified legislative committees (§7).

Lastly, the act limits the number of times municipalities may participate in the pilot program and validates the actions Bozrah's registrar of voters and deputy, assistant, or special assistant registrars of voters took between January 7, 2015 and July 2, 2015. The validation applies only to acts that were otherwise valid except for the fact that these officials were not appointed as the statutes require (CGS § 9-192) (§12).

EFFECTIVE DATE: July 1, 2015, except that the Bozrah validation and the deadline extensions for the land value pilot program and Steel Point Special Taxing District take effect upon passage.

§ 10 – WEST HAVEN MIXED-USE PROJECT

By law, the Department of Economic and Community Development (DECD) and Connecticut Innovations, Inc. (CII) must obtain the legislature's approval for economic development assistance totaling over \$10 million in two years for an economic development project (CGS § 32-462(b)).

The act exempts from this requirement assistance for a West Haven mixed-use project or related infrastructure improvements if the project is located south of the New England Thruway and east of First Avenue and has at least 200,000 square feet of retail and entertainment space. The exemption applies only to assistance awarded before July 1, 2020.

§§ 8 & 9 – STEEL POINT SPECIAL TAXING DISTRICT

The act gives Bridgeport's Steel Point Special Taxing District five additional years to obtain funds for making public improvements. It extends, from June 30, 2015 to June 30, 2020, the deadline by which DECD and CII may provide up to \$40 million in financial assistance under their existing programs to develop and improve property in Bridgeport.

The act also gives the district more time to issue its own bonds for these purposes before Bridgeport's city council may vote to merge the district with the city. Prior law allowed the council to do so if the district failed to issue bonds by July 1, 2015. The act extends the deadline for the district to issue bonds to July 1, 2020.

§§ 1-6 – FILING DEADLINES FOR CERTAIN PROPERTY TAX EXEMPTIONS

Pre-2011 Machinery and Equipment Tax Exemption

By law, machinery and equipment newly acquired before 2011 qualify for the statutory five-year property tax exemption (CGS § 12-81(72)). The exemption applies to machinery and equipment used for manufacturing, biotechnology, and recycling, and taxpayers must annually file for it by November 1.

The act allows taxpayers in Durham, New Haven, and Windsor to claim this exemption for machinery and equipment on specified grand lists even though they missed the mandatory November 1 filing deadline (CGS §12-81(72)). The Durham and Windsor taxpayers may claim the exemption for such property on the October 1, 2014 grand list, and the New Haven taxpayer may claim it for such property on the October 2013 or October 2014 grand lists.

The act waives this deadline if the taxpayers file for the exemption by July 31, 2015 and pay the statutory late fee. In each case, the local tax assessor must verify the property's eligibility for the exemption and approve it, and the municipality must refund any taxes paid on the machinery and equipment if the application was filed in a timely manner. (Property on the October 1, 2013 grand list is taxed during FY15; property on the October 1, 2014 grand list is taxed in FY 16.)

Post-2011 Machinery and Equipment Tax Exemption

Beginning with the October 1, 2011 grand list year, the law permanently exempts from the property tax machinery and equipment used for manufacturing, biotechnology, and recycling regardless of when it was acquired (CGS §12-81 (76)). But taxpayers must still include this property in their annual personal property declarations, which they must submit to their assessors by November 1. The act allows taxpayers in New Haven to claim this exemption for machinery and equipment on the October 1, 2013 grand list even though they missed the mandatory November 1 filing deadline.

The act waives this deadline if the taxpayers file their declarations by July 31, 2015 and pay the statutory late fee. The city's assessor must verify the property's eligibility for the exemption and approve it, and the city must refund any taxes paid on the property if the declaration was filed in a timely manner.

New Commercial Vehicles Tax Exemption

By law, taxpayers eligible for the statutory property tax exemption for specific types of new commercial motor vehicles must also file for this exemption by November 1 (CGS §12-81 (74)). The

act allows taxpayers in Hartford to claim this exemption for eligible motor vehicles on the 2014 grand list even though they missed the mandatory November 1, 2014 filing deadline.

The act waives the deadline if the taxpayers file for the exemption by July 31, 2015 and pay the statutory late fee. Hartford's assessor must verify the taxpayers' eligibility for the exemption and approve it, and the city must refund any taxes paid on the vehicles if the application was filed in a timely manner.

Nonprofit Property Tax Exemption

By law, property owners eligible for the statutory property tax exemption for certain land and buildings owned by nonprofit organizations must file quadrennially for this exemption by November 1 (CGS §12-81 (7)). The act allows a nonprofit organization in North Branford to claim the exemption for property on the 2013 grand list even though it missed this statutory filing deadline.

The nonprofit must file for the exemption by July 31, 2015 and pay the statutory late fee. The town's assessor must verify the organization's eligibility and approve the exemption. The town must refund any taxes, interest, and penalties paid on the property.

§ 7 – LAND VALUE TAXATION PILOT PROGRAM

The act gives municipalities more time to comply with one of the procedural requirements for participating in the land value taxation pilot program, under which they can tax land at a higher rate than buildings instead of taxing both at the same rate.

Municipalities that want to impose the higher land tax may do so only by participating in the pilot program. They must apply to the Office of Policy and Management, which may accept up to three municipalities into the program. These municipalities must prepare plans for assessing the tax and submit them to their legislative bodies for approval. They must also submit the approved plans to the Commerce; Planning and Development; and Finance, Revenue and Bonding committees. The act extends, from December 31, 2014 to December 31, 2015, the deadline for submitting the plans to these committees.

The act allows municipalities to participate in the pilot program only once, making those selected for the program ineligible for subsequent selection. By law, a participating municipality may limit the land value tax to areas designated in its plan for implementing this tax. Under the act, it cannot reapply to the program for designating other areas.

BACKGROUND

Related Act

PA 15-244, §216 provides the same admission tax exemption as the act.

Public Act# 15-193

HB# 6830

AN ACT CONCERNING THE REMEDIAL ACTION AND REDEVELOPMENT MUNICIPAL GRANT PROGRAM, THE TARGETED BROWNFIELD DEVELOPMENT LOAN PROGRAM AND THE REMEDIATION OF STATE-OWNED AND FORMERLY STATE-OWNED BROWNFIELDS

SUMMARY: This act makes programmatic changes in several Department of Economic and Community Development (DECD) brownfield remediation programs.

It adds new components to the Municipal Brownfield Grant program, which provides grants to municipalities and economic development agencies for assessing and remediating contaminated property. One component allows DECD to make additional grants needed to complete an ongoing project. The other allows DECD to make grants for preparing comprehensive plans to remediate and redevelop multiple brownfields. The act precludes recipients under the existing and the new components from lending grant proceeds to brownfield developers.

The act increases maximum loan amounts under the Brownfield Loan Program from \$2 million per year for up to two years to \$4 million per year for an unlimited number of years. It also exempts developers, under a narrow condition, from participating in a state voluntary cleanup or liability relief program. The loan program finances investigation and assessment and remediation costs.

The act makes it easier for developers that acquire brownfields they did not contaminate to participate in DECD's program that protects them from liability to the state and third parties. It does so by specifying that the duty to investigate the property's prior ownership and use is tied to the standards that are in effect when they acquire the property.

Lastly, the act expands the range of brownfields DECD can remediate and market to include those the state owned and transferred to other parties (i.e., formerly state-owned brownfields). It allows DECD to select these brownfields for its brownfields priority list, which was limited to those the state owns. The act makes other changes that expand the range of state-owned brownfields eligible for remediation and marketing. It also makes a conforming technical change.

EFFECTIVE DATE: July 1, 2015

BROWNFIELD REMEDIATION PROGRAMS

§ 1 – Municipal Brownfield Grant Program

The act makes programmatic changes in the Municipal Brownfield Grant program, which provides up to \$4 million in grants to municipalities and economic development agencies, including nonprofit regional development corporations and councils of government, for assessing and remediating contaminated property.

It allows the DECD commissioner to award an additional grant if she and the Department of Energy and Environmental Protection (DEEP) commissioner identify the project as a priority for remediation, and the grant:

1. will be used to cover unexpected cost overruns or fund cleanup activities that increase the project's environmental benefits,
2. does not exceed 50% of the original grant, and
3. will not increase the project's total grant funding to more than \$4 million.

The act also allows the commissioner to award grants to municipalities, economic development agencies, and regional councils of governments to prepare comprehensive plans for cleaning up and redeveloping multiple brownfields. These grants may cover the costs of preparing the plans

and associated expenses. The plans must be consistent with the state and local plans of conservation and development.

In addition to adding the new grant components, the act precludes municipalities and economic development agencies from lending grant proceeds to a brownfield redeveloper. Prior law allowed them to do so when the:

1. municipality or agency and developer jointly applied for the grant and identified within 90 days how the remediated brownfield would be used and
2. developer agreed to clean up the property under specified DEEP voluntary remediation or DECD liability protection programs.

§ 2 – Brownfield Loan Program

The act also makes programmatic changes in DECD's Brownfield Loan Program, which provides loans for investigating and assessing a property's environmental condition and remediating any contamination. It increases the maximum loan amount from \$2 million per year for up to two years to \$4 million per year with no limit on the number of years.

The act sets a narrow condition under which borrowers who are not subject to the Transfer Act may receive loans under the program without having to remediate the brownfield under specified DEEP voluntary cleanup or DECD liability protection programs. (The Transfer Act requires parties involved in the sale or transfer of a potentially contaminated property to assess its environmental condition and remediate it if necessary (CGS §22a-134).

The act exempts borrowers from this program requirement if the loan proceeds will be used to abate hazardous building material. The exemption applies only if the loan recipient demonstrates, to the DECD and DEEP commissioners' satisfaction, that the material constitutes the property's only remaining environmental contamination.

§ 5 – Liability Protection Program

The act makes it easier for bona fide prospective purchasers to participate in the DECD program that protects developers from liability to the state and third parties for cleaning up brownfields. To qualify as a bona fide purchaser, a person or entity must establish, by a preponderance of the evidence, certain facts about the acquisition of a brownfield.

Under prior law, purchasers had to show, among other things, that they were complying with national standards for inquiring about a property's previous owners and uses (specifically, the American Society for Testing and Materials' (ASTM) Standard Practice for Environmental Site Assessment Process, E1527-05, as periodically amended). The act instead specifies that purchasers must comply only with those standards that were in effect when they acquired the property.

§§ 3 & 4—PROGRAM FOR REMEDIATING AND MARKETING STATE-OWNED BROWNFIELDS

The act expands the range of brownfields DECD may remediate and market for private development by allowing it to add brownfields the state had owned and transferred to other parties to its brownfield priority list, which under prior law was limited to state-owned brownfields that met statutory criteria. Under prior law, DECD had to select five geographically diverse state-owned brownfields from that list for marketing and remediation.

The act gives DECD until January 1, 2016 to add formerly state-owned property to the priority list and further expands the range of eligible state-owned and formerly state-owned brownfields by eliminating the selection criterion that a brownfield must have a predetermined end use. DECD must still use the remaining criteria to select both types of brownfields. At a minimum, DECD must select brownfields that:

1. are economically viable,
2. can be developed in a way that is consistent with the State Plan of Conservation and Development,
3. are located in municipalities where the unemployment rate exceeds the state's average rate,
4. have access to transportation and other infrastructure,
5. require immediate environmental remediation, and
6. can be transferred to a private party without conflicting with any state law or process.

The act also allows DECD to remediate any number of state-owned and formerly state-owned brownfields on the priority list without first identifying a commercial purchaser. Prior law allowed DECD to remediate only one brownfield without first identifying a commercial purchaser.

Public Act# 15-196

HB# 6850

AN ACT CONCERNING PAY EQUITY AND FAIRNESS

SUMMARY: This act prohibits employers, including the state and municipalities, from taking certain steps to limit their employees' ability to share information about their wages. Under the act, such sharing involves employees of the same employer (i.e., co-workers) (1) disclosing or discussing the amount of their own wages or another co-worker's voluntarily disclosed wages or (2) asking about a co-worker's wages. Specifically, the act bans employers from (1) prohibiting their employees from such sharing; (2) requiring employees to sign a waiver or document that denies their right to such sharing; and (3) discharging, disciplining, discriminating or retaliating against, or otherwise penalizing employees for such sharing. It specifies that it does not require an employer or employee to disclose any employee's wages.

The act allows employees to bring a lawsuit to redress a violation of its provisions in any court of competent jurisdiction. Employees have two years after an alleged violation to bring the suit. Employers can be found liable for compensatory damages, attorney's fees and costs, punitive damages, and any legal and equitable relief the court deems just and proper.

EFFECTIVE DATE: July 1, 2015

EMPLOYERS AND WAGES

Under the act, an employer is any individual, corporation, limited liability company, firm, partnership, voluntary association, joint stock association, the state and any of its political subdivisions, and any public corporation in the state with at least one paid employee. Wages are compensation for an employee's labor or services, regardless of whether they are determined by time, task, piece, commission, or other basis of calculation.

AN ACT CONCERNING THE CONNECTICUT COMPETITIVENESS COUNCIL

SUMMARY: This act establishes a 10-member council within the legislative branch to advise the executive and legislative branches and businesses about Connecticut's economic performance, including how it compares with that of other jurisdictions. Legislative leaders and the governor must appoint the members by October 1, 2015. The House speaker and the Senate president pro tempore must appoint the council's chairpersons, who must hold the council's first meeting before December 1, 2015. The council must meet at least quarterly.

Beginning by January 31, 2017, the council must submit an annual report to the governor, the Department of Economic and Community Development (DECD) commissioner, and several legislative committees on Connecticut's current economic competitiveness and ways to make the state more competitive.

By law, the DECD commissioner must, every four years, prepare an economic development strategic plan that, among other things, reviews and analyzes the forces affecting the state's economic development and responsible growth (CGS § 32-10).

EFFECTIVE DATE: July 1, 2015

COMPOSITION

As Table 1 shows, the governor appoints two council members, and legislative leaders appoint eight. The legislative appointees may be legislators.

Table 1: Council Appointments

<i>Appointing Authority</i>	<i>Number of Appointments</i>
Governor	2
House speaker	2
Senate president pro tempore	2
House majority leader	1
Senate majority leader	1
House minority leader	1
Senate minority leader	1

Initial appointments must be made by, and begin on, October 1, 2015. These initial members serve staggered terms:

1. those appointed by the governor and the House majority and minority leaders serve two-year terms and
2. those appointed by the House speaker, Senate president pro tempore, and the Senate majority and minority leaders serve four-year terms.

Subsequently appointed members serve four-year terms. The appointing authority fills any vacancy for the unexpired portion of the vacant member's term.

ADMINISTRATION

The council's chairpersons must hold the first meeting before December 1, 2015. A majority of the members constitutes a quorum for transacting business. The council must meet at least quarterly. The members serve without compensation except for necessary expenses incurred while performing their duties. And the Finance, Revenue and Bonding Committee's administrative staff serves as the council's administrative staff.

POWERS AND DUTIES

The council's powers and duties center on quantifying Connecticut's economic competitiveness and recommending ways to improve it. The council must:

1. encourage and assist businesses to grow in Connecticut;
2. evaluate and promote Connecticut's economic competitiveness vis-à-vis other jurisdictions;
3. beginning by January 31, 2017, prepare an annual comprehensive statistical assessment of the state's economic competitiveness performance (i.e., Connecticut Competitiveness Scorecard);
4. outline the primary challenges facing Connecticut's economic competitiveness and the policies needed to meet those challenges; and
5. advise and assist the executive and legislative branches and the private sector about economic competitiveness.

To perform its duties, the council can obtain available assistance and information from any state entity; accept gifts, donations, or bequests; and take any necessary and appropriate actions.

ANNUAL REPORT

The council must annually submit a report on the competitiveness of the state's industry and economy to the (1) governor; (2) DECD commissioner; and (3) Commerce, Finance, Revenue and Bonding, and Labor committees. The first report is due January 31, 2017.

At a minimum, each annual report must:

1. include the Connecticut Competitiveness Scorecard,
2. outline the primary challenges facing the state's economic competitiveness and the policies needed to meet those challenges, and
3. recommend policy and statutory changes needed to promote economic competitiveness.

BACKGROUND

Related Act

PA 15-5, June Special Session, §498, establishes a permanent, 13-member Commission on Economic Competitiveness to (1) analyze how the state's tax policies affect business and industry and (2) develop policies that promote economic growth.

AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017, AND MAKING APPROPRIATIONS THEREFOR, AND OTHER PROVISIONS RELATED TO REVENUE, DEFICIENCY APPROPRIATIONS AND TAX FAIRNESS AND ECONOMIC DEVELOPMENT

Section 1. (Effective July 1, 2015) The following sums are appropriated from the GENERAL FUND for the annual periods indicated for the purposes described.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

	2015-2016	2016-2017
Personal Services	8,410,102	8,476,385
Other Expenses	1,072,065	1,052,065
Statewide Marketing	9,500,000	9,500,000
Small Business Incubator Program	339,916	349,352
Hartford Urban Arts Grant	395,000	400,000
New Britain Arts Council	63,187	64,941
Main Street Initiatives	152,297	154,328
Office of Military Affairs	216,598	219,962
Hydrogen/Fuel Cell Economy	153,671	157,937
CCAT-CT Manufacturing Supply Chain	843,013	860,862
Capital Region Development Authority	7,864,370	7,864,370
Neighborhood Music School	126,375	128,250
Nutmeg Games	64,075	65,000
Discovery Museum	315,930	324,699
National Theatre of the Deaf	126,371	129,879
CONNSTEP	495,712	503,067
Development Research & Economic Assistance	121,095	124,457
Connecticut Science Center	542,512	550,000
CT Flagship Producing Theaters Grant	417,108	428,687
Women's Business Center	393,750	400,000
Performing Arts Centers	1,263,714	1,298,792
Performing Theaters Grant	492,915	505,904
Arts Commission	1,578,720	1,622,542
Art Museum Consortium	461,014	473,812
CT Invention Convention	19,687	20,000
Litchfield Jazz Festival	46,875	47,500
Connecticut River Museum	25,000	25,000

Arte Inc.	25,000	25,000
CT Virtuosi Orchestra	25,000	25,000
Barnum Museum	25,000	25,000
Greater Hartford Arts Council	88,982	91,174
Stepping Stones Museum for Children	36,951	37,977
Maritime Center Authority	487,315	500,842
Tourism Districts	1,260,788	1,295,785
Amistad Committee for the Freedom Trail	39,514	40,612
Amistad Vessel	315,929	324,698
New Haven Festival of Arts and Ideas	665,111	683,574
New Haven Arts Council	78,982	81,174
Beardsley Zoo	327,136	336,217
Mystic Aquarium	517,308	531,668
Quinebaug Tourism	34,649	35,611
Northwestern Tourism	34,649	35,611
Eastern Tourism	34,649	35,611
Central Tourism	34,649	35,611
Twain/Stowe Homes	98,864	100,000
Cultural Alliance of Fairfield	78,982	81,174
AGENCY TOTAL	39,710,530	40,070,130

SUMMARY: This act appropriates funds for state agencies and programs for FY 16 and FY 17. It also makes various state tax and revenue changes.

§§ 83-84 & 87-88 – CORPORATION INCOME TAX

Surcharge (§§ 83-84)

The act (1) extends the 20% corporation income tax surcharge for two additional years to the 2016 and 2017 income years and (2) imposes a temporary 10% surcharge for the 2018 income year.

As under current law, the surcharge generally applies to companies that have more than \$250 in corporation tax liability. Companies that have less than \$100 million in annual gross income in those years are exempt from the surcharge, unless they file combined or unitary returns.

EFFECTIVE DATE: Upon passage and applicable to income years starting on or after January 1, 2015.

Net Operating Loss (NOL) (§ 87)

The law allows corporations to deduct NOLs (the excess of allowable deductions over gross income for a taxable year), thereby reducing their tax liability. Corporations may carry forward NOLs for 20 years. Beginning with the 2015 income year, the act limits the amount of NOL a corporation may carry forward to the lesser of (1) 50% of net income, or for companies with taxable income in

other states, 50% of the net income apportioned to Connecticut, and (2) the excess of NOL over the NOL being carried forward from prior income years.

EFFECTIVE DATE: Upon passage

Tax Credit Limit (§ 88)

Current law allows corporations to use tax credits to reduce their corporation tax liability by up to 70% in any income year. The act reduces the tax credit limit to 50.01% beginning with the 2015 income year.

EFFECTIVE DATE: Upon passage

§ 85 – INSURANCE PREMIUM TAX CREDIT LIMIT

The act extends, to 2015 and 2016, the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits.

The caps are part of a structure that, by law, (1) classifies insurance premium tax credits into three types, (2) specifies the order in which an insurer must apply the three credit types to offset liability, and (3) establishes the maximum liability that an insurer can offset by claiming one or more of these types of credits.

By law, (1) type one credits are film and digital media production, entertainment infrastructure, and digital animation tax credits; (2) type two credits are insurance reinvestment credits; and (3) type three credits are all other tax credits. Table 6 shows the order and reduction schedule under current law and the act.

Table 6: Order and Reduction Schedule for Claiming Insurance Premium Tax Credits under Current Law and the Bill

<i>Credit Types Claimed</i>	<i>Order of Applying Credits</i>	<i>Maximum Reduction in Tax Liability</i>
Type 3	Not applicable	30%
Types 1& 3	1. Type 3	Type 3 = 30%
	2. Type 1	Sum of two types = 55%
Types 2 & 3	1. Type 3	Type 3 = 30%
	2. Type 2	Sum of two types = 70%
Types 1, 2, & 3	1. Type 3	Type 3 = 30%
	2. Type 1	Type 1 & 3 = 55%
	3. Type 2	Sum of all types = 70%
Type 1 & 2	1. Type 1	Type 1 = 55%
	2. Type 2	Sum of two types = 70%

EFFECTIVE DATE: Upon passage and applicable to calendar years starting on or after January 1, 2015.

§ 86 – FILM AND DIGITAL MEDIA PRODUCTION TAX CREDIT MORATORIUM

The act extends, to FY 16 and FY 17, the temporary moratorium on issuing film and digital media production tax credits for certain motion pictures. Under current law, the moratorium expires at the end of FY 15.

As under current law, the moratorium (1) bars the issuance of tax credit vouchers for motion pictures that were not designated as state-certified productions before July 1, 2013 and (2) excludes motion pictures that conduct at least 25% of their principal photography days in a Connecticut facility that (a) receives at least \$25 million in private investment and (b) opens for business on or after July 1, 2013. Other types of qualified productions continue to be eligible for tax credits during FY 16 and FY 17, including documentaries; long-form, specials, mini-series, series, music videos, or interstitial television programming; relocated television productions; interactive television or games; videogames; commercials or infomercials; and any digital media format created primarily for public viewing or distribution.

EFFECTIVE DATE: Upon passage

§ 89 – HOSPITAL TAX CREDIT LIMIT

For calendar quarters beginning on or after July 1, 2015, the bill imposes a 50.01% limit on the amount of hospital tax liability that hospitals may reduce by using tax credits.

EFFECTIVE DATE: July 1, 2015

§ 93 – COMMUNITY INVESTMENT ACCOUNT (CIA)

From January 1, 2016 to June 30, 2017, the act diverts to the General Fund, on a quarterly basis, 50% of the funds deposited in the CIA. It requires any funds remaining in the account to be distributed according to existing law.

By law, the CIA contains land use document recording fees town clerks remit to the state treasurer. Money from the account is distributed quarterly to the agriculture sustainability account for milk producer grants and to the departments of (1) Economic and Community Development, for certain historic preservation purposes; (2) Housing, for affordable housing programs; (3) Energy and Environmental Protection, for municipal open space grants; and (4) Agriculture, for various agricultural and farmland preservation purposes.

EFFECTIVE DATE: January 1, 2016

§§ 138-163 – COMBINED REPORTING

The bill requires any company that is (1) a member of a corporate group of related companies meeting certain criteria and (2) subject to the Connecticut corporation tax (a “taxable member”) to determine its Connecticut corporation tax liability based on the net income or capital base of

the entire group. Under the bill, a company must use this method of computing tax liability if it is part of a corporate group engaged in a “unitary business,” as defined in the bill. Under current law, a company doing business in Connecticut that is part of a larger group determines its Connecticut net income separately but may file a combined return under certain circumstances.

Unitary Business and Combined Group

The bill defines a “unitary business” as a single economic enterprise that is interdependent, integrated, or interrelated enough through its activities to provide mutual benefit and produce significant sharing or exchanges of value among its entities or a significant flow of value among its separate parts. A unitary business can be either separate parts of a single entity or a group of separate entities under common ownership. Businesses conducted or connected through partnerships or S corporations (“pass-through entities”) may be considered unitary if they meet certain conditions.

Under the bill, businesses are considered to be under common ownership if the same entity or entities directly or indirectly own more than 50% of voting control of each of them. The owners do not themselves have to be members of the combined group. Indirect control must be determined according to the federal tax law.

A “combined group” is all the companies that (1) have common ownership, (2) are engaged in a unitary business, and (3) have at least one member that is subject to the Connecticut corporation tax. Under the bill, combined group members include “taxable members” (i.e., subject to Connecticut corporation tax) and “nontaxable members” (i.e., members not subject to Connecticut corporation tax, excluding companies statutorily exempt from the tax).

Group Filing Requirements

For purposes of a unitary tax filing, the bill gives a combined group the option of determining its members' net income, capital base, and apportionment factors on a (1) world wide basis (i.e., including foreign affiliates) or (2) “affiliated group” basis (see below). The group's designated taxable member must make a world wide or affiliated group election for unitary filing on an original, timely filed tax return for an income year. The election is binding for the income year in which it is made and the following 10 years.

If the group does not elect a world wide basis or affiliated group basis, it must determine the net income, capital base, and apportionment factors of each of its taxable members on a “water's-edge basis.” Under the bill, a water's-edge basis means that a group must include the net income, capital base, and apportionment factors of nontaxable members only if:

1. they are incorporated in, or formed under the laws of, the United States, any state, the District of Columbia, or a U.S. territory or possession, excluding members that have at least 80% of their property and payroll during the income year located outside such jurisdictions;
2. 20% or more of their property and payroll during the income year is located in the United States, any state, the District of Columbia, or a U.S. territory or possession; or

3. they are incorporated in a jurisdiction determined to be a tax haven, as described below, unless the DRS commissioner is satisfied that the member is incorporated there for a legitimate business purpose.

Tax Havens. Under the bill, a “tax haven is a jurisdiction that:

1. has laws or practices preventing the effective exchange of information for tax purposes with other governments on taxpayers benefiting from the tax regime;
2. has a tax regime that lacks transparency;
3. facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy;
4. explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime benefits or prohibits enterprises benefiting from it from operating in the jurisdiction's domestic market; or
5. has created a tax regime favorable for tax avoidance, based on an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or services sector relative to its overall economy.

The bill requires the DRS commissioner, by September 30, 2015, to publish a list of jurisdictions that he determines to be tax havens. The list applies to income years beginning on or after January 1, 2015 and remains in effect until the commissioner publishes a revised list.

Affiliated Group Election. Under the bill, an “affiliated group” is generally any group treated as an affiliated group for federal tax purposes (as described below), except that it also includes:

1. domestic corporations that are commonly owned, directly or indirectly, by any member of the group, regardless of whether the group includes corporations (a) included in more than one federal consolidated return, (b) engaged in one or more unitary business, or (c) not engaged in a unitary business with any other affiliated group member; and
2. any member of the combined group, determined on a world-wide basis, incorporated in a tax haven, as described above.

A group making an affiliated group election must include the net income or loss and apportionment factors of all of its members that are subject to tax or would be if they were conducting business in the state, regardless of whether they are engaged in a unitary business.

Under federal tax law, an “affiliated group” is a group of corporations or corporate chains connected to the same parent corporation in which (1) one or more of the corporations included in the group directly owns at least 80% of the voting power and 80% of the total value of the common stock of each of the other included corporations and (2) their common parent directly owns at least 80% of the voting power and 80% of the total value of the common stock of at least one of the included corporations (IRC § 1504).

Net Income and Capital Base

Net Income or Loss. When determining the total income or loss subject to apportionment for Connecticut corporation tax purposes, the bill requires the combined group to include and aggregate the following.

1. For each group member incorporated in the United States and included in a consolidated federal corporate return, its gross income minus Connecticut corporation tax deductions as if it were not consolidated for federal tax purposes.
2. For each group member not included in a consolidated federal return but required to file its own return, its gross income minus Connecticut corporation tax deductions.
3. For each member incorporated outside the United States, not included in a federal consolidated return and not required to file its own federal return, the income determined from regularly maintained profit and loss statements for each foreign office or branch adjusted on any reasonable basis to conform to U.S. accounting standards and expressed in U.S. dollars. Reasonable alternative procedures may be applied if the DRS commissioner determines that the reported income reasonably approximates the income determined under the Connecticut corporation tax law.
4. If the unitary business has income from a pass-through entity, the members' direct and indirect share of that entity's unitary business income.

Under current combined filings, most income and deductions from inter-company transactions within a combined group must be eliminated. The bill establishes requirements for treating the following income and deductions in a unitary filing.

1. Dividends paid by one group member to another must be eliminated.
2. Business income from an intercompany transaction with another group member must be deferred as required under federal tax rules unless the object of the transaction is sold or otherwise removed from the unitary business or the buyer and seller cease to be members of the same combined group.
3. Charitable expenses incurred by a group member may be deducted from the combined group's net income, subject to federal income limits applicable to the entire group's business income. If the part of the deduction is carried over to a later year, it must be treated in that year as incurred by the same group member.
4. Capital gains and losses must be combined for all members without netting among classes of gains and losses, apportioned to Connecticut, and applied to the income or loss of the Connecticut taxable members. If the deduction for a loss is limited and a loss carryover is required, the loss must be treated in a later year as being incurred by the same member.
5. Expenses directly or indirectly attributable to federally tax-exempt income must be disallowed in determining the combined group's net income.

Income Apportionment Factors. By law, multistate companies subject to the Connecticut corporation tax must apportion their net income or loss and alternate capital base using statutory apportionment formulas. Most companies must use a formula that combines the ratios of their property, payroll, and sales (receipts) in Connecticut to all their property, payroll, and sales. However, some types of businesses, including manufacturers, broadcasters, and financial institutions, are allowed to use a single factor apportionment formula based entirely on the ratio of their sales in Connecticut to all their sales.

In apportioning its income or loss for the Connecticut corporation tax, the bill requires each taxable member of a combined group to use the otherwise applicable Connecticut statutory apportionment percentage. It specifies how taxable members of the combined group must incorporate the property, payroll, and sales of nontaxable group members into the apportionment factors they use to apportion the group's income for purposes of the taxable members' Connecticut corporation tax liability.

Under the bill, though each taxable member's apportionment is based on the Connecticut apportionment formula that applies to that member, the taxable member must add in a share of the nontaxable members' sales, property, and payroll factors as follows.

1. Each taxable member must add to its sales factor numerator a share of the aggregate sales of the groups' nontaxable members. This share is the ratio of the taxable member's Connecticut sales to the Connecticut sales of all the group's taxable members.
2. The property and payroll factor denominators are the aggregate property and payrolls for the entire group, including taxable and nontaxable members, even if some group members are subject to single-factor apportionment (i.e., based on sales only).
3. Transactions between or among group members must be eliminated in determining the apportionment factors.

Once the applicable apportionment factors for each taxable member have been determined, they must be applied to the combined group's taxable income to determine each taxable member's net income or loss apportioned to Connecticut.

Net Operating Loss. Once it calculates its share of net income or loss apportioned to Connecticut, the bill allows each taxable group member to deduct its share of the group's net operating loss (NOL) from that income. It allows the following NOL carryovers.

1. For income years starting on or after January 1, 2015, if the combined group's net income computation results in a net operating loss, the taxable members can carry forward the share apportioned to Connecticut consistent with NOL carryover limits (see § 22). If the taxable member has more than one NOL carryover, it must apply them in the order they were incurred, deducting the older one first. The bill allows a taxable member who has an NOL carryover derived from the combined group in an income year beginning on or after January 1, 2015, to share it with other taxable group members if they were part of the group when the loss was incurred. Any such sharing reduces the taxable member's original NOL carryover.
2. A taxable member can deduct an NOL carryover derived from either pre-January 1, 2015 losses or losses incurred before the taxable member joined the combined group and can share it with

other members that were part of the same (a) combined group in the year the loss was incurred or (b) unitary group under the state's current combined reporting law.

Net Income and Capital Base Calculation. By law, corporations must calculate their Connecticut corporation tax liability on the basis of both their net income and capital base and pay the higher of the two amounts. The bill requires taxable members of combined groups to do the same and specifies how they must calculate their net income and capital base tax liability.

As under current law, each taxable member must calculate its net income tax liability by multiplying its Connecticut apportioned net income or loss by the statutory corporation tax rate of 7.5%.

The bill requires combined groups to determine their alternative capital bases by combining their separate bases, including those of the nontaxable members, as determined under current law, but excluding deductions for inter-corporate or private company stockholdings in the combined group. Group members that are financial services companies must (1) calculate the value of their annual capital base as required by existing law and (2) not be included in calculating the combined group's alternative capital base, as described above.

A taxable member must apportion the combined group's capital base according to the ratio of the taxable member's individual capital base to that of the combined capital bases of all taxable members of the group. As with the income apportionment, a share of the nontaxable members' capital bases must be included according to the ratio of the taxable member's Connecticut capital base to the combined Connecticut capital bases of all the group's taxable members.

As under existing law, the maximum aggregate tax calculated under the capital base method is \$1 million. Under the bill, if the aggregate amount of tax calculated on each taxable member's capital base exceeds \$1 million, each member must prorate its tax, in proportion to the group's tax calculated regardless of the \$1 million cap, such that the group's aggregate additional tax equals \$1 million.

Minimum Tax. Under the bill, as under existing law, taxable members must pay a minimum tax of \$250 regardless of tax credits. In addition, no taxable member may use tax credits to reduce its tax liability by more than the applicable tax credit limit.

Tax Credits. The bill requires each taxable member to separately apply its tax credits, subject to the tax credit limit, but allows it to share tax credits and credit carryover with other taxable members under certain conditions.

The bill allows a taxable member to share tax credits it earns beginning on or after the 2015 income year with other taxable members in the group. Any credit amount used by another taxable member reduces the amount of credit carryover available to the taxable member that originally earned it. If the taxable member has a credit carryover derived from an income year beginning on or after 2015, it may share the carryover credit with the group's taxable members as long they were taxable members in the income year in which the credit was earned.

A taxable member with a credit carryover derived from an income year prior to 2015 or during which it was not a member of the combined group may (1) continue to use the carryover and (2) share it with other group members that were part of its combined or unitary group under current

law. Taxable members eligible to claim more than one corporation business tax credit in an income year must claim the credits according to the existing law that establishes the order for claiming corporation business tax credits.

Deduction for Certain Publicly-Traded Companies

The bill allows certain unitary groups to offset any increase in their members' "net deferred tax liability" or decrease in their "net deferred tax assets" resulting from the newly imposed unitary reporting requirements. It does so by allowing them to deduct the increase or decrease from their net income over seven years, beginning in the 2018 income year.

Under the bill, a member's "net deferred tax liability" is the amount by which its deferred tax liabilities exceed the group's deferred tax assets, while its "net deferred tax assets" are its deferred tax assets that exceed the group's deferred tax liabilities. Both must be determined according to generally accepted accounting principles (GAAP).

The deduction applies only to publicly-traded companies, including affiliated corporations participating in a publicly-traded company's financial statements, prepared according to GAAP, as of the bill's passage. From the 2018 to 2024 income years, such groups may deduct from their net income an amount equal to one-seventh of the amount necessary to offset the increase in net deferred tax liability or decrease in net deferred tax asset or the aggregate of both, resulting from unitary reporting. They may carry forward any excess deduction to future income years until it is fully utilized.

The groups must calculate the deduction regardless of its impact on federal taxes and without altering the tax basis of any asset. Any events that occur after the deduction is calculated, including the disposition or abandonment of assets, must not reduce it.

Combined groups intending to claim this deduction must, by July 1, 2016, file a statement with the commissioner specifying the total amount of the deduction claimed. The statement must (1) be made on a form and in a manner the commissioner prescribes and (2) contain any information or calculation the commissioner specifies. No deduction is allowed for any income year unless it is claimed by July 1, 2016.

The bill specifies that its provisions do not limit the commissioner's authority to review or redetermine the proper amount of any deduction claimed, whether claimed on the statement described above or on a tax return for any income year.

Annual Return

The bill requires a combined group to designate one of its Connecticut taxable members to file the unitary return and pay the tax on behalf of all its taxable members. To this end, the designated member may, on the taxable and nontaxable members' behalf, (1) sign a unitary return, (2) apply for filing extensions, (3) agree to an examination or assessment of the return, (4) make offers of compromise and closing agreements regarding tax liability, and (5) receive refunds and credits for tax overpayments.

A combined group member whose income year is different from that of the rest of the group must report amounts from its return for its income year that ends during the "group income year."

Under the bill, the “group income year is (1) the designated taxable member's income year or (2) if two or more members in the group file in the same federal consolidated tax return, the income year used on the federal return. No such reporting is required until the beginning of the member's first income year starting on or after January 1, 2015.

The bill allows the designated taxable member to recover the payments from the other taxable members and prohibits those members from holding the designated taxable member liable for the payments. However, each taxable member of the combined group is jointly and severally liable for the taxes plus any interest, penalties, or additions due from any other taxable member.

A combined group required to name a designated member must give the DRS commissioner written notice of the selection by the date the tax is due. The commissioner must approve any change in the designated member.

The bill gives the commissioner the sole discretion to (1) send notices, make deficiency assessments, and provide tax refunds and credits to the designated member or any other group member and (2) require a unitary return to be filed electronically and any tax payment to be made by electronic funds transfer.

Estimated Tax

The bill applies estimated tax requirements to taxable members of combined groups required to file unitary returns. It makes the designated taxable member responsible for paying the estimated tax installments.

By law, corporations must pay the following percentages of their annual taxes by the following dates: 30% by March 15, 40% by June 15, 10% by October 15, and 20% by December 15. The bill extends the due dates for the first estimated tax payment for combined groups whose 2015 group income years start in (1) January or February to July 15, 2015 or (2) March August 15, 2015. Such groups must pay 70% (i.e., a combination of the first and second payment) of the required annual payment on those dates.

Under the bill, taxable members of combined groups required to file unitary returns are not subject to interest and penalties for underpaying estimated tax in 2015 if:

1. they pay estimated taxes equal to at least 90% of that shown on their unitary tax filing for the 2015 group income year or
2. if the 2014 income year was a 12-month year, the taxable members of the combined group pay estimated taxes of 100% of the tax liability, before credits, shown on either their individual separate 2014 returns or their optional 2014 combined return, as applicable.

Current Combined Reporting Provisions and Conforming Sections

Under current law, a corporate group doing business in Connecticut that files a consolidated federal corporate tax return has the option of filing a combined Connecticut return but first has to separately apportion each member's net income or capital base separately among the states where the member operates. The separately apportioned Connecticut shares of income and losses

of group members doing business here are then combined to determine their corporation tax liability. The DRS commissioner can also require groups that do not file consolidated federal returns to file combined Connecticut reports under certain circumstances. The bill eliminates these combined return provisions for income years starting on or after January 1, 2015 (when the bill's unitary reporting requirements begin).

The bill makes additional statutory changes to conform to the mandatory unitary filing requirements and the elimination of current combined reporting provisions.

EFFECTIVE DATE: Upon passage and applicable to income years starting on or after January 1, 2015.

§ 171 – INSURANCE REINVESTMENT ACT PROGRAM CHANGES

Credit Cap Increase

The act increases the aggregate cap on Insurance Reinvestment Act Tax credits by \$150 million, from \$200 million to \$350 million. It does not change the program's \$40 million annual cap. The credits apply to the insurance premium tax, and insurers qualify for them by investing in eligible businesses through state-certified business investment funds, which current law names "Insurance Investment Funds." The act renames these funds, "Invest CT Funds."

Leveraged Capital

By law, funds must obtain investments from other sources besides insurers (leveraged capital) before the Department of Economic and Community Development commissioner can certify a fund and allocate credits to it on behalf of its insurance company investors. The act increases the share of such capital from 5% to 10% of the insurers' total investment. The commissioner may begin certifying funds and allocating credits based on this investment criterion starting on or after September 1, 2015.

Investment Goals

As under existing law, funds must apply to the commissioner for certification. In doing so, a fund must, among other things commit to investing a portion of the funds in green technology and newly forming businesses (pre seed). For funds seeking certification or credit allocations on or after September 1, 2015, the act increases from 3% to 7% the amount the funds must invest in pre seed businesses, but requires funds to meet this goal within four years after they received their credit allocation, rather than three years, as current law requires. The act continues to require funds to invest at 25% of their funds in green technology businesses, but also creates two additional investment targets:

1. at 25% of the funds must be invested in businesses located in municipalities with over 80,000 people (targeted areas businesses) and
2. at least 3% must be invested in cybersecurity businesses.

Under the act, cybersecurity businesses are those that primarily provide information technology products, goods, or services aimed at detecting, preventing, or responding to attacks on information technology systems or the information stored in or transiting such systems. The attacks include attempting to obtain unauthorized access to, exfiltration or manipulation of, or impairment to the system's integrity, confidentiality, or availability.

The act makes changes to the requirements for claiming credits and distributing returns conforming to these new investment targets.

Claiming Credits

By law, the credit equals 100% of an insurer's investment, but must insurers must claim them over 10 years, according to a statutory schedule. The act changes the schedule, pushing back the first year when an insurer may begin claiming credits, beginning on or after September 1, 2015. Under the act, the insurer may begin claiming 20% of the credit starting in sixth year and may continue claiming them at that annual rate until the 10th year. Under current law, the insurer may begin claiming credits in fourth year, claiming up to 10% per year in years four through seven and 20% per year in the last three years. As under existing law, the insurer may carry forward unused credits, but cannot transfer them to other taxpayers.

Performance Standards

As under current law, insurance investors' ability to claim credits depends on whether the fund meets its annual investment goals. The act resets the investment goals for funds awarded credit allocations after September 1, 2015. The changes align with the investment commitments funds must make when they apply for certification.

Under the act, a fund must have invested at least 60% of its credit-eligible capital in eligible businesses within six years after the commissioner allocated the credit. Under current law, funds must achieve this goal within four years after the credit allocation date. The fund must also have invested at least 7% of its credit-eligible capital in pre seed businesses by within four years of that date.

The fund must also have invested at least 25% in targeted area businesses and 3% in cybersecurity businesses, but the act does not specify a date by which they must do so.

The act requires funds to include information on these investments in their annual report to the commissioner.

Distributions

Besides the tax credits, the insurance company investors also receive a return on their investments (distributions). The act adds conditions a fund must meet before it can distribute returns. The conditions apply to funds certified after September 1, 2015 and align with the investment goals the act sets for them. The fund must have invested at least 25% of its funds in target area businesses, 7% in pre seed businesses, and at least 3% in cybersecurity businesses. As under current law, it must also have invested at least 25% of the funds in green technology businesses. And it must have invested all of the credit-eligible capital in eligible businesses.

The act allows funds to distribute returns before they meet these investment targets under the same conditions that apply under current law.

Fund Decertification

The act extends the period during which the commissioner may decertify a fund and cause it to forfeit future unclaimed credits. By law, the commissioner may decertify a fund if it fails to submit required reports, meet its investment targets, or comply with the distribution rules. Under current law, the fund must forfeit unclaimed credits if the commissioner decertifies it within four years after she allocated its credits and the fund failed to invest at least 60% of its funds. For

funds receiving credit allocations on or after September 1, 2015, the act requires the fund to forfeit the credit if the commissioner decertifies it within the first six years of the credit allocation and the fund failed to meet the 60% investment goal.

EFFECTIVE DATE July 1, 2015

Special Act# 15-11

SB# 445

AN ACT CONCERNING A PLAN FOR THE CONNECTICORPS PROGRAM

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

Section 1. (*Effective from passage*) (a) The Labor Department, in collaboration with the Department of Economic and Community Development, the Board of Regents for Higher Education and The University of Connecticut, shall develop a plan to establish the Connecticorps program to capitalize on the skills of students enrolled in the state system of higher education to improve the quality of life for Connecticut residents. Such plan shall include, but not be limited to: (1) An assessment of the feasibility of establishing the Connecticorps program not later than September 1, 2017, (2) the identification of existing or potential job sites for students participating in such program; (3) comprehensive research regarding the availability of stipends, housing and health care options for students participating in such program; and (4) a programmatic design for the coordination and state oversight of the Connecticorps program.

(b) Not later than January 1, 2017, the Labor Department shall submit a report, in accordance with section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to labor, commerce and higher education. Such report shall address the status of the plan as well as any recommendations for administrative or legislative action necessary to establish the Connecticorps program not later than September 1, 2017.

Approved June 23, 2015

Special Act# 15-21

SB# 958

AN ACT ESTABLISHING STRATEGIC PARTNERSHIPS IN CYBERSECURITY

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

Section 1. (*Effective from passage*) (a) The Labor Department, in conjunction with the Department of Economic and Community Development, shall conduct an analysis of the cybersecurity sector in the state, including, but not limited to: (1) An identification of industry stakeholders in the cybersecurity sector and potential partners in developing the cybersecurity sector, including, but not limited to, educational institutions, cybersecurity businesses trade associations and nonprofit organizations, and representatives from the financial, insurance, health care and defense sectors in the state and other public and private entities that utilize the services of cybersecurity professionals; and (2) an identification of barriers to the growth of the cybersecurity sector in the state. Not later than October 1, 2015, the department shall submit such analysis to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and labor, in accordance with section 11-4a of the general statutes.

(b) Not later than December 1, 2015, the Department of Economic and Community Development, the Labor Department, and the joint standing committee of the General Assembly having cognizance of matters relating to commerce shall convene a forum on the cybersecurity sector in the state.

(c) Not later than February 1, 2016, the Department of Economic and Community Development, in conjunction with the Labor Department, shall submit a plan for the growth of the cybersecurity sector in the state to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and labor, in accordance with section 11-4a of the general statutes. Such plan shall include: (1) Policy recommendations to support the growth of the cybersecurity sector and to leverage federal grants for cybersecurity research, education and business development; (2) an identification of market opportunities, including, but not limited to, specialized markets, for cybersecurity businesses in the state; (3) an identification of best practices for promoting cybersecurity industry partnerships; and (4) policy recommendations for the state's public schools and higher education constituent units to prepare students for employment in the cybersecurity sector.

Approved July 10, 2015

Public Act# 15-1

SB# 1501

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES

SUMMARY: This act authorizes up to \$1.866 billion in each year for FY16 and FY17 in state general obligation (GO) bonds for state capital projects and grant programs, including school construction, economic development, municipal aid, and housing development and rehabilitation programs. It also cancels or reduces up to \$272.5 million in GO bond authorizations and \$3 million in special tax obligation (STO) bond authorizations from prior fiscal years.

The act authorizes up to (1) \$238 million in revenue bonds over the two years for Clean Water Fund loans, (2) \$681.4 million in FY 16 and \$693.3 million in FY17 in special tax obligation (STO) bonds for transportation projects, and (3) an additional \$2.803 billion in STO bonds from FY16 to FY20 for a five-year DOT capital improvement program.

It establishes new grant programs for municipalities that (1) jointly construct, maintain, or improve regional dog pounds or (2) undertake certain road repairs. It creates a homelessness prevention and response fund to provide forgivable loans and grants to eligible landlords. It also expands existing bond-funded grant programs for (1) general school building improvements that are not normally reimbursable by state school construction grants and (2) municipalities establishing bikeways, pedestrian walkways, or greenways.

Lastly, the act (1) increases, from \$50 million to \$100 million, the amount of bonds the Green Bank may issue that are backed by a special capital reserve fund and (2) allows UConn to make certain bond reallocations in the UConn 2000 infrastructure program to fund an electronic medical records system at the UConn Health Center.

EFFECTIVE DATE: July 1, 2015 for FY16 bond authorizations and July 1, 2016 for FY17 authorizations. Other sections are effective July 1, 2015, unless otherwise noted below.

§§ 1-38, 55, 57, & 223-226 – BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The act authorizes new GO bonds for FY16 and FY17 for the state projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 1: GO Bond Authorizations for State Projects and Grant Programs for FY 16 and FY 17

§§	AGENCY	FOR	FY 16	FY 17
STATE PROJECTS AND PROGRAMS				
2(k), 21(j)	Capital Region Development Authority (CRDA)	Alterations, renovations, and improvements to the Connecticut Convention Center and Rentschler Field	5,500,000	3,500,000
GRANTS				
13(e), 32(f)	Department of Economic and Community Development (DECD)	Connecticut Manufacturing Innovation Fund; earmarks \$3.5 million in FY 16 for a grant to the Connecticut Center for Advanced Technology for research and development of high rate laser-engineered additive manufacturing machining	20,000,000	20,000,000
		Small Business Express program	50,000,000	50,000,000
		Brownfield Remediation and Redevelopment program	20,000,000	20,000,000
		Implementation of a minority business enterprise assistance program to assist such businesses in obtaining surety bonds for capital construction projects, including bid, performance, and payment bonds. Program may be run by contracted nonprofit entity	2,000,000	0
		Grants to nonprofit organizations sponsoring cultural and historic sites	0	5,000,000
13(g), 32(h)	CRDA	CRDA's statutory purposes and uses; Caps at \$20 million the amount of bonds that may be used to finance projects, including public infrastructure grants, in Hartford outside the capital city economic development district; For FY 16, requires at least \$10 million of the \$20 million to be made available for projects in the federally designated Promise Zone	50,000,000	50,000,000
		Grant to the Tennis Foundation of Connecticut for capital improvements	1,500,000	1,500,000
32(m)	Connecticut Port Authority	Grants for port, harbor, and marina improvements, including dredging and navigational improvements; requires at least \$5 million to be made available to Connecticut ports, harbors, and marinas other than the deep water ports in Bridgeport, New Haven, and New London	0	17,500,000

§§ 51-54, 56-67, & 238 – BOND AUTHORIZATIONS FOR STATUTORY PROGRAMS AND GRANTS

The act increases bond authorization limits for various statutory grants and purposes, and allocates new bonding for these purposes for FY 16 and FY 17, as shown in Table 5.

Table 5: Statutory Bond Authorizations for FY 16 and FY 17

§	Agency	Purpose/Fund	FY 16	FY 17
51	OPM	Urban Action (economic and community development project grants)	\$70,000,000	\$50,000,000
52	OPM	Small Town Economic Assistance Program (STEAP)	20,000,000	20,000,000
66	DECD	Manufacturing Assistance Act	100,000,000	100,000,000

§§ 68-103, 105-141 & 143-220 – GO Bond Cancellations and Reductions

The act cancels or reduces all or part of bond authorizations for the projects and grants shown in Table 6. Authorizations are listed alphabetically by agency.

Table 6: Cancellations and Reductions in Prior GO Bond Authorizations

§§	FOR	CURRENT AUTHORIZATION	AMOUNT CANCELED
Connecticut Innovations Inc.			
79	Financial aid for biotechnology and other high technology laboratories, facilities, and equipment	2,000,000	2,000,000
DECD			
87	Southside Institutions Neighborhood Alliance: Community sports complex in Hartford	1,000,000	1,000,000
96	Samuel Huntington Trust, Inc.: Capital campaign to preserve the Samuel Huntington House	70,000	70,000
97	Quinebaug Shetucket Heritage Corridor, Inc.: Airline Trail planning of completion	100,000	100,000
99	Craftery Gallery, Inc.: Building purchase and necessary alterations and renovations	50,000	50,000
100	Portland: Property renovation for the Sculptors Museum and Training Center	90,000	90,000
101	Portland: Improvements and repairs to the town green gazebo and historic brownstone swing	50,000	50,000
115	Connecticut Arts Endowment Fund: Grants to be matched with private contributions from nonprofit organizations	500,000	500,000
116	Bristol: American Clock and Watch Museum renovation	1,500,000	1,500,000
120	Ansonia: Downtown development	125,000	125,000
121	Thompson: Downtown revitalization	1,000,000	1,000,000
122	East Hartford Housing Authority: Renovation of existing building into a community center at Veterans Terrace	350,000	350,000
123	Cromwell: Downtown revitalization	150,000	150,000
124	Bloomfield: Façade improvement program	500,000	500,000
132	Energy Conservation Loan Fund (Current authorization is \$5 million annually. The bill terminates the authorizations as of FY 10)	5,000,000 annually	30,000,000
153	Greenwich: Renovate existing or construct new exhibition areas, teaching spaces, and the science gallery at Bruce Museum	1,000,000	250,000

154	Norwich Free Academy: Slater Memorial Museum ADA improvements, including an elevator	800,000	800,000
155	Granby: Holcomb Farm building restoration and renovation	50,000	50,000
156	Stanley L. Richter Association for the Arts in Danbury: Roof repair, expansion, and ADA improvements	150,000	150,000
157	East Hampton: Restore and renovate Goff House	100,000	100,000
158	New Haven Museum and Historical Society: Restore and reconstruct Pardee Morris House	350,000	350,000
159	Southeastern Connecticut Economic Diversification Revolving Loan Fund	5,000,000	5,000,000
160	Fuel diversification grant program	1,500,000	1,500,000
161	New Britain Stadium: New scoreboard, production equipment and related software, and repairs and upgrades to suites	500,000	500,000
162	Southington: Southington Drive-In renovations	250,000	250,000
163	Hamden: Whitneyville Center streetscape improvements	390,000	390,000
164	Southington: Road relocation, utility upgrades, new service facilities, and other improvements related to Lake Compounce Water Park expansion	3,300,000	3,300,000
165	Farmington: Complete portion of a trail in Rails to Trails	65,000	15,000
166	Portland: Sidewalk repairs	200,000	200,000
167	Newington: Community center	750,000	750,000
168	Stratford: Streetscape improvements	250,000	250,000
184	Mystic: Improve transportation access at the north gate at the Museum of America and the Sea at Mystic Seaport	750,000	750,000
185	Torrington: Develop and construct the Warner Theatre Stage House	750,000	750,000
186	Stanley L. Richter Association for the Arts in Danbury: Roof repair, expansion, and ADA improvements	150,000	150,000
187	Southeastern Connecticut Economic Diversification Revolving Loan Fund	5,000,000	5,000,000
188	Biofuel Production Facility Incentive Program	3,500,000	3,500,000
189	New Haven: River Street development project	2,250,000	2,250,000
210	Establish an electronic business portal	1,000,000	1,000,000
212	Connecticut Housing Finance Authority: Emergency Mortgage Assistance Program	60,000,000	20,000,000
213	Purchase of urban and industrial sites reinvestment tax credit eligibility certificates	40,000,000	40,000,000

AN ACT IMPLEMENTING PROVISIONS OF THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017 CONCERNING GENERAL GOVERNMENT, EDUCATION AND HEALTH AND HUMAN SERVICES

§§ 1 - 39, 528, & 532 – CONNECTICUT PORT AUTHORITY

This act establishes the quasi-public Connecticut Port Authority (authority) starting on July 1, 2015 instead of October 1, 2015, by replacing current law with a substantially similar law that takes effect three months earlier. It explicitly extends the authority's jurisdiction to cover state harbors as well as ports, and transfers authority over maritime and most harbor and port related laws from the Department of Transportation (DOT) to the authority as of July 1, 2016.

Among other things, the authority must:

1. coordinate port development, focusing on private and public investments;
2. pursue state and federal funds for dredging and other infrastructure improvements and maintain navigability of all ports and harbors;
3. work with the Department of Economic and Community Development (DECD) and state, local, and private entities to maximize the ports' and harbors' economic potential;
4. support and enhance the overall development of maritime commerce and industries; and
5. coordinate the state's maritime policy activities and serve as the governor's principal maritime policy advisor.

To help achieves those and other goals, the act, among other things:

1. gives the authority bonding power;
2. authorizes it to enter a memorandum of understanding (MOU) with DECD for administrative support and services and management and operational activities;
3. requires it to enter into at least one MOU with DOT to help effect the transition of ownership, jurisdiction and authority over the state's ports and harbors from that department,
4. allows the authority to hire employees who (a) must receive the same life insurance, health, and retirement benefits as state employees but (b) are not considered state employees for collective bargaining purposes; and
5. specifies that the authority, in performing an essential public function, is exempt from paying taxes or assessments on any property it acquires or uses or any income it derives from them.

The act also transfers from DOT to the Department of Energy and Environmental Protection (DEEP) the powers and duties of existing harbor boards and boards of harbor commissioners. The act places harbor masters under the direction and control of DEEP, rather than DOT.

The act eliminates the (a) Connecticut Maritime Commission, now in DOT, that, among other duties, supports the development of the state's deep water ports, on July 1, 2015 and (b) State Maritime Office, a DOT office responsible for maritime operations and staffing the commission, on July 1, 2016. It also terminates the Port Authority Working Group on July 1, 2015, instead of October 1, 2015.

The act also makes other minor and conforming changes.

EFFECTIVE DATE: July 1, 2016, except provisions (1) creating the port authority and its board of directors, (2) authorizing an MOU with DECD, (3) requiring at least one MOU with DOT, (4) on the Port Authority working group, (5) eliminating the Connecticut Maritime Commission, and (6) making certain conforming changes, are effective July 1, 2015.

§§ 1, 2, 38, & 39 – Port Authority

Under current law and the act, the authority is a body politic and corporate, a public instrumentality and political subdivision of the state, created to perform an essential public and governmental function. It is a quasi-public agency, not a state department, institution, or agency, and thus is subject to statutory procedural, operating, and reporting requirements for quasi-public agencies, including lobbying restrictions and an ethics code.

The authority continues as long as it has bonds or other outstanding obligations and until it is legally terminated, provided that no termination affects any of the authority's outstanding contractual obligations and the state succeeds to them. Upon termination, all of the authority's rights and properties pass to and become vested in the state.

The act extends to the authority existing statutory requirements that, like other quasi-public agencies, it have the state treasurer's or deputy treasurer's approval for (1) borrowing or bonds secured by state-backed or -guaranteed capital reserve funds and (2) any investment or contract relating to interest rates, currency, or cash flow that subjects a state-backed capital reserve fund to potential liability (§ 38).

It also includes the authority's directors and staff in the exemption from personal liability for quasi-public agency directors and staff for actions taken in issuing bonds, or for damages or injury caused in the performance of their duties and within the scope of employment, so long as the actions are not wanton, reckless, willful, or malicious (§ 39).

Authority Purpose. Under the act, the authority must:

1. coordinate port development, focusing on private and public investments;
2. pursue state and federal funds for dredging and other infrastructure improvements to (a) increase movement of cargo through the ports and (b) maintain navigability of all ports and harbors;
3. market port and harbor economic development and work with DECD and state, local, and private entities to maximize the ports' and harbors' economic potential;
4. support and enhance the overall development of maritime commerce and industries;
5. coordinate the planning and funding of capital projects promoting the development of ports and harbors;
6. develop strategic entrepreneurial initiatives that may be available to the state;
7. coordinate the state's maritime policy activities;
8. serve as the governor's principal maritime policy advisor; and
9. undertake other responsibilities assigned to it.

Authority Powers. The authority's powers and governance requirements summarized below are generally the same as under current law that takes effect October 1.

The authority may:

1. have perpetual succession and adopt bylaws;
2. adopt and modify an official seal;
3. maintain one or more offices;
4. sue and be sued in its own name;
5. develop an organizational and management structure to best achieve its goals;
6. create a code of conduct for board members consistent with applicable law;
7. adopt rules, which are not considered regulations and therefore exempt from the regulatory approval process, to conduct its business; and
8. adopt an annual budget and operating plan, including a requirement that the board approve the budget or plan before it takes effect.

The act also allows the authority to (1) invest in, acquire, lease, purchase, own, manage, hold, and dispose of real property and (2) lease, convey, deal in, or enter into agreements with respect to the property on any terms necessary or incidental to carry out the authority's purpose. The

transactions are not subject to approval, review, or regulation by any state agency under laws on the purchase, sale, or lease of state property, except the authority cannot convey fee simple ownership (full ownership) in land under its jurisdiction and control without approval from the State Properties Review Board and the attorney general.

Under the act, the authority may employ assistants, agents, and other employees necessary or desirable to carry out its purposes, set their compensation, establish and modify personnel procedures, and negotiate and enter into collective bargaining agreements with labor unions. The authority's employees are exempt from the classified service and are not state employees for collective bargaining purposes. But the act regards them as state employees for life insurance, health, and retirement benefits. It requires the authority to reimburse the appropriate state agencies for costs they incur because of this provision.

The authority may engage consultants, attorneys, and appraisers as necessary or desirable to carry out its purposes.

Board of Directors Duties. Under the act, the board must:

1. develop and recommend to the governor and Transportation Committee a state maritime policy;
2. advise the governor and committee on the state's maritime policies and operations;
3. support the development of maritime commerce and industries, including state ports and harbors;
4. recommend investments and actions, including dredging, required to preserve and enhance maritime commerce and industries; and
5. conduct studies and present recommendations on maritime issues.

At least once a year, the board must hold a public hearing to evaluate the adequacy of the state's maritime policies, facilities, and support for maritime commerce and industry.

By January 1, 2017, and annually afterwards, the board of directors must submit a written report to the governor, and provide copies to the Transportation Committee, on:

1. a list of projects that would support the state's maritime polices and encourage maritime commerce and industry;
2. recommendations to improve existing maritime polices, programs and facilities; and
3. other appropriate recommendations.

Board Members. The authority is governed by a 15-member board of directors, each of whom is a voting member. Members include following state officials or their designees: the commissioners of DEEP, DOT, and DECD, the treasurer, and the Office of Policy and Management (OPM) secretary, all of whom are ex-officio members. Four members are appointed by the governor, two for four-year terms and two for two-year terms. Legislative leaders appoint the remaining members, as follows: one each, for four-year terms, by the House speaker, Senate president pro tempore, and Senate minority leader; one each, for two-year terms, by the House majority and minority leaders, and the Senate majority leader. Successor members appointed by the governor and the legislative leaders serve four-year terms, starting on July 1 in the year of their appointment.

The appointees must include:

1. individuals with experience or expertise in at least one of the following: (a) international trade, (b) marine transportation, (c) finance, or (d) economic development;
2. a member or employee of a local port authority;
3. an elected or appointed municipal official from a coastal municipality with a population of 100,000 or less; and
4. an elected or appointed municipal official from a coastal municipality with a population of 50,000 or less.

Eight directors comprise a quorum to transact business or exercise power. The board may act by a majority of the directors present at any meeting at which there is a quorum, except as the act provides. The board may delegate to eight or more directors necessary and proper powers and duties under the act and the board's by-laws.

Appointed board members cannot designate someone to perform their duties in their absence. An appointee who fails to attend three consecutive meetings or half of all meetings held in a calendar year is deemed to have resigned from the board. Any vacancy that occurs other than by a term's expiration must be filled within 30 days, in the same way as the original appointment, for the remainder of the term.

Board Officers. The board selects a chairperson, vice-chairperson, and other officers it believes necessary from its members. The chairperson serves a four-year term.

The initial board members may begin serving immediately on appointment, but cannot serve beyond the sixth Wednesday of the next regular legislative session unless confirmed by the legislature according to law. All subsequent appointments must be made with legislative advice and consent according to law.

Reimbursement and Conflicts of Interest. Directors serve without compensation, but are reimbursed for actual and necessary expenses incurred performing their duties. They may be privately employed, or in a profession or business, subject to state ethics and conflict of interest laws, rules, and regulations. However, regardless of the law, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any person with a financial interest in the person, firm, or corporation, to serve as a director, provided he or she complies with applicable state ethics laws.

Removal of Board Members. An appointing authority may remove a board member for inefficiency, neglect of duty, or misconduct in office. Before doing so, the appointing authority must give the director a copy of the charges against him or her and an opportunity for a hearing, to be held at least 10 days after notice, where the director may respond personally or through an attorney. When a director is removed, the appointing authority must file with the secretary of the state (1) a complete statement of the charges against the director, (2) the appointing authority's findings on the charges, and (3) a complete record of the proceedings.

Executive Director. The board appoints an executive director as the authority's chief administrative officer. The executive director (1) receives compensation set by the board, (2) serves at the board's pleasure, (3) cannot be a board member, and (4) is exempt from classified service.

The executive director directs and supervises administrative affairs and technical activities at the board's direction. He or she must approve all salaries, allowable expenses for the authority and its employees and consultants, and incidental authority expenses.

The executive director must attend all board meetings; keep a record of authority proceedings; and maintain and have custody of all books, documents, and papers filed with the authority, and the authority's minutes or journal and its official seal. He or she may have copies made of the authority's minutes, records, and other documents, and may use the seal to certify them as true copies on which people may rely. The executive director must perform other duties as the board directs.

Reporting Requirements. The board must report annually, by December 15, on its (1) activities, (2) operating and financial statements, and (3) legislative recommendations, to the governor and the Commerce, Environment, and Transportation committees.

It must also submit to the Appropriations, Commerce, Environment, and Transportation committees a copy of each authority audit conducted by an independent auditing firm within seven days after the board receives it.

§§ 3-6 – Bonding Authority

The act authorizes the authority to issue bonds to carry out its responsibilities, which include renovations and improvements at state ports.

The authority can issue bonds to finance (1) general improvements and back them with some or all of its revenue from the ports or (2) a specific improvement and back them only with the revenue the improvement generates. It may seek the treasurer's help in issuing the bonds and appoint a committee or individual as the board's delegate in connection with their issuance.

The authority must repay the bonds no later than 30 years after issuing them.

It may use the proceeds from the bond sales for:

1. paying labor and material costs related to construction at the state ports;
2. acquiring, including by condemnation, land, property rights, rights-of-way, franchises, easements, and other interests in land in connection with the construction or operating costs;
3. machinery and equipment costs;
4. creating reserves to pay principal and interest that accrues during renovation and construction work at the ports and for six months after completion;
5. initial working capital, administrative expenses, and legal, architectural, and engineering expenses and fees;
6. the costs of audits and preparing and issuing the notes and bonds; and
7. all other items incident to the planning, acquisition, and construction of the ports or the start of their operation.

The bonds do not count toward the state's bond cap, and only the authority is liable for them. The act generally exempts the state, municipalities, and other political subdivisions from any obligation to repay the bonds. It exempts the principal and interest payments to the bondholders from all state and local taxes except the estate and gift tax, but requires the inclusion of the interest payments when calculating excise and franchise taxes.

The act allows the authority to determine how it will issue and repay the bonds and specifies the kinds of terms and conditions it may include in its agreements with bondholders. It also declares the bonds negotiable instruments under the Uniform Commercial Code subject only to their registration requirements. The act makes the bonds securities in which governments and private entities may invest. The authority may sell the bonds, at a price and time it chooses, (1) at a public sale on sealed proposals or (2) by negotiating with investors.

The act authorizes or requires several actions to assure bondholders that the authority will repay them, including securing the bonds' principal and interest by a mortgage covering all or part of a project. It specifies that the state will not limit or alter the authority's rights until the authority repays its outstanding bonds. It authorizes the authority to create one or more special capital reserve funds to finance a project or refund bonds previously issued by the authority or state to fund a project. The total amount of bonds secured by the funds cannot exceed \$50 million. It also appropriates from the General Fund any amount needed to maintain these special capital reserves at the required minimum level. These funds must be appropriated as needed annually by December 1. The authority's chairperson or vice chairperson must certify the amount to the treasurer and the OPM secretary.

The act also allows the authority to secure that pledge by entering into an agreement with a trustee representing the bondholders' interests (i.e., trust of indenture). Under the act, the authority may secure principal and interest payments by pledging its revenue, which is also immediately subject to lien without any action on the bondholders' part.

The act allows the authority to issue bonds to refund outstanding bonds and specifies conditions for doing so. It also allows the authority to use its funds to purchase its bonds and those of the state and dispose of the bonds as the bond agreements allow.

§ 7 – Tax Exemption and Pilot Program

The act specifies that the authority, in performing an essential public function, is exempt from paying taxes or assessments on any property it acquires or uses or any income it derives from them. Prior to June 30, 2018, the act deems authority-owned property and facilities state-owned real property for the purposes of the state's Payment-In Lieu-Of-Taxes (PILOT) program, under which the state provides grants to municipalities in place of the taxes that would otherwise be paid on authority-owned property and facilities.

§ 8 – Memorandum of Understanding (MOU) with DECD

The act allows DECD and the authority to enter into an MOU under which (1) DECD provides administrative support and services, including all staff support necessary for the authority's operation, and (2) management and operational activities are addressed, including:

1. joint procurement and contracting;
2. sharing services and resources;
3. coordinating promotional activities; and
4. other arrangements to enhance revenues, reduce operating costs, or achieve operating efficiencies.

The MOU's terms and conditions, including provisions on reimbursement of DECD by the authority for administrative support and services, must be as DECD and the authority determine are appropriate. The MOU must terminate by June 30, 2018.

§ 9 – MOUs with DOT

The act requires the authority to enter into MOUs with DOT to help (1) the authority govern the state's ports and harbors and (2) effect the transition of ownership, jurisdiction and authority over the ports and harbors from DOT. The MOUs must include the:

1. assets, funds, accounts, contracts and liabilities, and powers and duties associated with the ports and harbors that will be transferred to the authority by deed, lease, management contract, agency agreement, assignment, or assumption, and the manner of the transfer;
2. time or times the transfers will take effect; and
3. reimbursement to the state for the services provided under any MOU.

The MOUs must provide for the lease, assignment, or transfer of ownership, jurisdiction, or authority to control the ports. The authority must periodically advise DOT of its readiness to accept any lease, assignment, or transfer according to any MOU and these must not be unreasonably delayed or withheld. If any bonds or other obligations issued for port or harbor projects or purposes remain outstanding, the treasurer must also be party to the MOU. Once a power, duty, asset, fund or account, contract or liability is transferred to the authority, DOT cannot afterward exercise the power, perform the duty, or act with respect to the asset, fund or account, contract or liability.

When implementing an MOU, the authority must comply with existing contracts, bonds, or obligations. The authority may, with the treasurer's consent and approval, assume state obligations for port-related projects or purposes relating to ports and harbors that remain outstanding, and indemnify and release the state from all liability and expenses related to those obligations. An assumption by the authority and release of the state is subject to the terms of any indenture and State Bond Commission approval.

The authority must do everything required by applicable federal and state laws, regulations, rules, or relevant contracts to effect the lease, assignment, or transfer of ownership, jurisdiction, or authority to control, operate, and maintain the ports and harbors in the authority's best interests. DOT cannot be paid for any leases, assignments, and transfers. The authority must periodically notify DOT of its readiness to accept the leases, assignments, and transfers with respect to the ports and harbors, and must execute the necessary documents and contracts.

§§ 10 & 11 – Port Authority Working Group

PA 14-222, the act that established the port authority slated to take effect October 1, 2015, also created a working group, whose members include the DECD commissioner and the treasurer, or their designees, to prepare and submit recommendations to DECD on the authority board's powers and duties. By law, the working group terminates on October 1, 2015. Under the act, the working group terminates on July 1, 2015. No further action of the DECD commissioner is needed on and after that date.

§§ 12 & 18-21 – Harbors and Harbor Masters

The act transfers jurisdiction over state harbors from the DOT commissioner to the authority. But it transfers from DOT to DEEP the powers and duties of existing harbor boards and boards of harbor commissioners. It allows these boards, as they now do with the DOT commissioner, to advise DEEP and perform the duties the DEEP commissioner delegates to them.

Harbor masters, appointed by the governor, have general care and supervision of the harbors and navigable waterways over which they have jurisdiction. The act places harbor masters under the direction and control of DEEP, rather than DOT. It also requires DEEP to adopt regulations on the procedure for handling violations of a harbor master's order.

§ 13 – Acquisition and Disposition of Property

The act authorizes both the authority and the DOT commissioner, instead of just the commissioner, to acquire, build, maintain, own, or operate, on behalf of the state, at or near the seaboard or any navigable waterway, land, or any harbor, wharf, dock, pier, quay, canal, slip or basin, or any appropriate harbor facility, shed, warehouse, vault, railroad track, yard, terminal, equipment, or other facility related to transporting goods or people by water, as the authority or commissioner deems necessary. It correspondingly repeals a law allowing the DOT commissioner to sell excess land or rights in it.

The act authorizes the commissioner or authority, as appropriate, instead of just the commissioner, to confer concessions privileges. But the commissioner retains the power to lease or grant any interest at the State Pier in New London with approval from the State Properties Review Board, OPM, and the attorney general.

§§ 14-17 – Harbor Improvement Projects

Under current law, the DOT commissioner may initiate harbor improvement projects. Starting July 1, 2016, the act authorizes the (1) authority to initiate harbor improvement projects and (2) executive director to recommend these projects to the authority's board. It requires the authority to (1) contract for the provision of goods and services, (2) enter into agreements with other state agencies to provide funding, and (3) administer contracts.

It authorizes the authority, rather than the DOT commissioner, to spend funds in the harbor improvement account to initiate harbor improvement projects, and requires harbor improvement agencies to submit an approved harbor improvement plan to the authority, and, as under current law, the DEEP commissioner. And, it authorizes the authority, instead of DOT, to contract with a municipality, or federal or state agency for state financial assistance for harbor improvement projects.

§§ 22-28 – Marine Pilots

Starting July 1, 2016, the act transfers, from the DOT commissioner to the authority, licensing and regulation of marine pilots.

The act also moves the Connecticut Pilot Commission from DOT to the authority (§ 23); requires the authority to set pilotage rates (§ 24); and authorizes the authority to execute agreements with other states for a marine pilot rotation system in state waters, including Long Island Sound (§ 27).

It deems existing DOT regulations on, among other things, pilots' conduct and duties (§ 25), and vessel operation and equipment (§ 28) duly adopted written procedures of the authority, effective July 1, 2016. After that date, any modifications or additions to the written procedures must be adopted by the authority according to state law.

Also starting July 1, 2016, the act creates an alternative path for applicants to get marine pilot licenses. Current law requires applicants for a pilot's license for any state port or waterway, including the Connecticut waters of Long Island Sound, to have a certain number of passages on ocean-going vessels of at least 4,000 gross tons during the 36 months before they apply (§ 22).

The act adds an alternative “extension of route” in which an applicant currently licensed by the authority (and presumably, for pilots licensed before July 1, 2016, by DOT) for eastern Long Island Sound and at least one of the ports of Bridgeport, New Haven, or New London may obtain a license for state waters, including the Connecticut waters of the Sound.

In such a case, the applicant (1) must have obtained a federal first class pilot's license of unlimited tonnage issued by the U.S. Coast Guard covering Connecticut waters, including the Sound, for which the individual has applied for an extension of route, and (2) can document that, within the 36 months immediately preceding his or her application, the applicant has made six round trips through the port or waterway for which he or she is applying. He or she must have done so as an observing pilot on vessels under enrollment or register subject to state compulsory pilotage laws, during which time the applicant piloted the vessel under the supervision and authority of a state-licensed pilot. It also makes conforming changes.

§§ 29-35 – Transfers of Responsibility

By law, the DEEP commissioner, in consultation with the public health commissioner, may enter into agreements with other states or the federal government on matters related to flood control, navigation, and harbor improvement, among other things. Current law requires the DEEP commissioner to request from, and consider recommendations of, the DOT commissioner on river, harbor, and navigability matters. The act allows, rather than requires, the DEEP commissioner to request and consider recommendations of the DOT commissioner and the authority on these matters (§ 32).

The act also:

1. subjects people to fines of up to \$1,000 for removing, damaging, or destroying buoys, beacons, and channel markers or floating guides the state, instead of DOT, has placed in state waters in the proper exercise of its authority (§ 29);
2. makes it the responsibility of the DEEP commissioner, rather than the DOT commissioner, to determine if there are structural hazards in tidal and state waters and order them removed or dismantled (§ 30);
3. requires a harbor management commission to consult with the authority when preparing or causing to be prepared a management plan for the most desirable harbor use. It continues to require such a commission to consult with DEEP when preparing such a plan, and eliminates a requirement it also consult with DOT. It requires the plan to be submitted for approval to both DEEP and the authority, allows it to be adopted if both approve it. It requires both DEEP and the authority to annually review the plan (§ 31);

4. requires the DEEP commissioner to consult with the authority, rather than the DOT commissioner when considering encroachments in tidal, coastal, or navigable waters (§ 34); and
5. requires the DEEP commissioner to notify the authority in writing, rather than the DOT commissioner, when (1) designating or laying out channels and boat basins in tidal and coastal waters (§ 33) and (2) if appropriate, considering whether to issue a permit for dredging or other such work in state waters (§ 35).

The act makes several conforming changes based on its earlier effective date for establishing the authority. It eliminates the Connecticut Maritime Commission on July 1, 2015 and the State Maritime Office on July 1, 2016.

Connecticut Maritime Commission. By law, among other things, the commission:

1. advises the governor, DOT commissioner, and legislature on state maritime policy and operations;
2. develops and recommends a state maritime policy;
3. supports the development of the state's maritime commerce and industries, including its deep water ports; and
4. supports the development of the ports, including identifying new opportunities, analyzing the potential for and encouraging private investment, and recommending policies that support port operations.

The commission is part of DOT (CGS § 13b-51a).

State Maritime Office. This DOT office is responsible for such things as:

1. maritime operations, including the State Pier in New London and the Connecticut River ferries;
2. serving as the governor's principal maritime policy advisor; and
3. staffing the Connecticut Maritime Commission (CGS § 13b-51b).

§ 41 – COMMUNITY INVESTMENT ACCOUNT (CIA) FUNDS FOR CONNECTICUT TRUST FOR HISTORIC PRESERVATION

The act increases, from \$200,000 to \$380,000, the amount of CIA funds that DECD must distribute to the Connecticut Trust for Historic Preservation from its CIA portion.

By law, the CIA contains land use document recording fees town clerks remit to the state treasurer. Money from the account is distributed quarterly to the agriculture sustainability account for milk producer grants and to the departments of (1) Economic and Community Development, for certain historic preservation purposes; (2) Housing, for affordable housing programs; (3) Energy and Environmental Protection, for municipal open space grants; and (4) Agriculture, for various agricultural and farmland preservation purposes. Additionally, from January 1, 2016 to June 30, 2017, PA 15-244, diverts to the General Fund, on a quarterly basis, 50% of the funds deposited in the CIA.

EFFECTIVE DATE: July 1, 2015

§ 42 – FIRST FIVE PLUS EXTENSION

This act extends the sunset date for the first five plus economic development program by one year, from June 30, 2015 to June 30, 2016 and makes a conforming change. Under the program, the economic development commissioner can provide loans, tax incentives, and other forms of economic development assistance to businesses committing to create jobs and invest capital within the law's timeframes.

EFFECTIVE DATE: July 1, 2015

§ 53-55 – BIOSCIENCE INNOVATION FUND ADMINISTRATIVE COSTS

This act allows Connecticut Innovations, Inc. (CI) to use Bioscience Innovation Fund money to pay for its administrative costs, including peer review costs, professional fees, allocated staff costs, and other out-of-pocket costs related to administering and operating the fund.

Under the act, CI may use no more than 5% of the total amount allotted for the year in the fund's operating budget to pay for its administrative costs, and expenditures from the fund for administrative costs do not have to be approved by the fund's advisory committee. The act also specifies that it does not require CI to risk or spend CI's funds to administer the Bioscience Innovation Fund.

EFFECTIVE DATE: Upon passage of § 5 of PA 15-222 (PA 15-222 will become effective when the governor signs the act or allows it to become law without his signature.)

§§ 58-71 & 88 – SET-ASIDE REQUIREMENTS AND CHRO ENFORCEMENT

The act subjects certain public works contracts awarded by municipalities to state set-aside requirements for small and minority contractors. It similarly applies these requirements to projects administered by certain entities receiving state assistance from quasi-public agencies. The act subjects contractors awarded such contracts to, among other things, (1) existing law's nondiscrimination and affirmative action requirements and (2) CHRO's enforcement authority.

§ 155 – DRY CLEANING ESTABLISHMENT SURCHARGE

By law, dry cleaning businesses must register with the revenue services commissioner and pay a 1% surcharge on their dry cleaning retail gross receipts. This act imposes a \$1,000 penalty each time they fail to register and prohibits them from providing dry cleaning services until they register. The commissioner may not waive the penalty.

Annually, beginning in 2015, dry cleaning businesses must also renew their registrations, by October 1, as the commissioner specifies. He must send a "nonrenewal notice" to each business that fails to renew its registration, and those that fail to renew within 45 days of the notice face a \$200 penalty, which the commissioner may impose once during any registration period.

The commissioner may waive the renewal penalty if he is satisfied that the failure was unintentional or not due to neglect, but to reasonable cause. It appears that the Penalty Review Committee must approve the waiver. By law, this committee must approve waivers over \$1,000 (CGS § 12-3a). The committee consists of the revenue services commissioner, comptroller, and OPM secretary or their representatives.

By law, the revenue the dry cleaning surcharge generates funds grants for preventing, containing, or remediating pollution resulting from the hazardous chemicals used in dry cleaning. Eligible dry cleaners may apply for these grants to the Department of Economic and Community Development.

EFFECTIVE DATE: July 1, 2015

§ 415 – FAILURE TO FILE WITH ASSESSOR FOR ENTERPRISE ZONE PROPERTY TAX EXEMPTION

The law requires property owners to annually file an application with the assessor to be eligible to claim the five-year enterprise zone property tax exemption. If a property owner does not file by the November 1 deadline and is not granted an extension, he or she waives his or her right to the exemption for that assessment year.

The act allows a property owner that missed this deadline to remain eligible for the exemptions if (1) he or she received a certificate of eligibility on or after October 1, 2009 and (2) the property is located in a New Haven County municipality with between 18,500 and 19,500 people according to the 2010 federal census.

EFFECTIVE DATE: Upon passage

§ 416 – SMALL BUSINESS EXPRESS ADMINISTRATIVE EXPENSES

This act increases, from 4% to 5%, the percentage of Small Business Express program funds that the Department of Economic and Community Development (DECD) may use to cover the program's administrative costs. But it specifies DECD must dedicate the additional 1% to develop capacity for capital construction projects for minority business enterprises.

EFFECTIVE DATE: July 1, 2015

§ 417 – URBAN AND INDUSTRIAL SITE TAX CREDIT CAP INCREASE

This act increases, from \$800 million to \$950 million, the total amount of business tax credits available under the Urban and Industrial Site Reinvestment Program (UISR).

UISR credits are available to any type of business investing in a project that will generate enough sales, personal income, and other tax revenue to recoup the foregone business tax revenue. The state may approve up to \$100 million in tax credits per project, and the credits are claimed over a 10-year period according to a statutory schedule. The tax credits apply to insurance premium, corporation, air carrier, railroad company, community antenna, utility company, and other specified business taxes.

EFFECTIVE DATE: July 1, 2015

§ 419 – TRANSIT ORIENTED DEVELOPMENT GRANTS

The act allows the Office of Policy and Management secretary, in consultation with the transportation commissioner, to use available funds, including urban action bond funds, to make grants or loans to (1) support and encourage transit-oriented development projects and (2) encourage the development and use of port and rail freight facilities and services. The law

already authorizes the Department of Economic and Community Development to make these grants or loans.

The act specifies that it does not affect the state's authority to enter into agreements to facilitate transit-oriented development projects on state property.

“Transit-oriented development” is the development of residential, commercial, and employment centers within walking distance, or one-half mile, of public transportation facilities, including rail and bus rapid transit services, in order to encourage the use of those services (CGS §13b-79o).

EFFECTIVE DATE: July 1, 2015

§ 440 – CLAIMING FILM PRODUCTION TAX CREDITS

The act extends, from four to six years, the time during which an entity may claim film production tax credits that are authorized on July 1, 2015 or later. Entities must claim all or part of the credits for which a voucher is issued on or after July 1, 2015 in the year in which the production expenses occurred or in the next five income years. Under current law, tax credits authorized after January 1, 2006 must be claimed in the year in which the expenses occurred or the next three income years.

As under current law, film production credits can be used against the corporation business or the insurance companies taxes and may be sold or otherwise transferred.

EFFECTIVE DATE: Upon passage

§ 498 – COMMISSION ON ECONOMIC COMPETITIVENESS

The act establishes a Commission on Economic Competitiveness to analyze the implications of state tax policy on state business and industry and to develop policies that promote economic growth. In addition, the commission shall: (1) Examine and report on the implications of the tax revisions set forth in public act 15-244, as amended by this act, on state business and industry; (2) examine the needs of large and small state businesses and industries as relates to their ability to maintain economic competitiveness; and (3) offer legislative recommendations that promote the growth and prosperity of state business and industry, including, but not limited to, recommendations relating to state tax policy.

The commission shall consist of the following members:

- (1) Three appointed by the speaker of the House of Representatives, one of whom shall be an executive at a publicly traded corporation;
- (2) Three appointed by the president pro tempore of the Senate, one of whom shall be an attorney;
- (3) One appointed by the majority leader of the House of Representatives, who shall be a member of an employee advocacy group;
- (4) One appointed by the majority leader of the Senate, who shall be an economist;
- (5) One appointed by the minority leader of the House of Representatives, who shall be a representative of a major corporation that has its headquarters in the state;
- (6) One appointed by the minority leader of the Senate, who shall be the owner of a small business based in the state;
- (7) The Commissioner of Revenue Services, or the commissioner's designee;

- (8) The Commissioner of Economic and Community Development, or the commissioner's designee; and
- (9) A representative of the Connecticut Business and Industry Association, who shall be appointed by the president of said association.

All appointments to the commission shall be made not later than August 1, 2015. Appointments shall be for two-year terms. Any vacancy shall be filled by the appointing authority.

The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the commission from among the members of the commission. Such chairpersons shall schedule the first meeting of the commission, which shall be held not later than sixty days after the effective date of this section. Thereafter, the commission shall meet at such times as deemed necessary by the chairpersons or a majority of commission members.

The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to finance shall serve as administrative staff of the commission. Not later than January 1, 2016, the commission shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to finance and commerce, in accordance with the provisions of section 11-4a of the general statutes.

Not later than January 1, 2017, and annually thereafter, the commission shall submit a report on its activities to the joint standing committees of the General Assembly having cognizance of matters relating to finance and commerce, in accordance with the provisions of section 11-4a of the general statutes.

Special Act# 15-1

HB# 7101

AN ACT CONCERNING THE CONVEYANCE OF CERTAIN PARCELS OF STATE LAND AND AMENDING THE CHARTERS OF THE BOROUGH OF FENWICK AND THE GIANTS NECK BEACH ASSOCIATION

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

Sec. 7. Section 150 of public act 12-2 of the June special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding any provision of the general statutes, the Commissioner of Economic and Community Development shall convey to the city of New Britain a parcel of land located in the city of New Britain, at a cost equal to the administrative costs of making such conveyance. Said parcel of land has an area of approximately .32 acre and is identified as Lot 71 on New Britain Tax Assessor's Map B7B, and is described in a warranty deed dated February 29, 1996, and recorded in Volume 1217 at page 438 of the city of New Britain Land Records. The conveyance shall be subject to the approval of the State Properties Review Board.

(b) The city of New Britain shall use said parcel of land for economic development purposes. If the city of New Britain:

- (1) Does not use said parcel for said purposes;

(2) Does not retain ownership of all of said parcel, except for a sale for economic development purposes; or

(3) Leases all or any portion of said parcel, except for a lease for economic development purposes, the parcel shall revert to the state of Connecticut. Any sale or lease of said parcel in accordance with this section shall be for the fair market value of the property or lease of said property, as determined by the average of the appraisals of two independent appraisers selected by the commissioner. Any funds received by the city of New Britain from a sale or lease of said parcel for economic development purposes shall be transferred to the State Treasurer for deposit in the Special Transportation Fund.

(c) Said parcel of land shall be conveyed subject to an existing right of way of record referenced in the warranty deed described in subsection (a) of this section.

(d) The State Properties Review Board shall complete its review of the conveyance of said parcel of land not later than thirty days after it receives a proposed agreement from the Department of Economic and Community Development. The land shall remain under the care and control of said department until a conveyance is made in accordance with the provisions of this section. The State Treasurer shall execute and deliver any deed or instrument necessary for a conveyance under this section, which deed or instrument shall include provisions to carry out the purposes of subsections (b) and (c) of this section. The Commissioner of Economic and Community Development shall have the sole responsibility for all other incidents of such conveyance.

Approved July 6, 2015