

Agenda

***Public Meeting
Dry Cleaning Establishment Remediation Fund
Thursday August 29, 2019 2:00 – 4:00 pm***

DECD Offices 450 Columbus Blvd. Plaza Level North Tower Room C

- | | | |
|------------|--|---|
| I | Welcome & Introduction | David Kooris - Deputy Commissioner, DECD |
| II | Fund Updates and New Policy | Binu Chandy, OBRD Deputy Director, DECD |
| III | DRS Presentation-
Update on New Sales Tax | Bruce Innes, Tax Division Chief, DRS |
| IV | Program Basics | Don Friday, DECD Program/Project Manager |
| V | Questions/Discussion | |

ATTENDANCE SHEET

Project: Public Dry Cleaning Meeting (2:00 to 4:00 PM)	Meeting Date: August 29, 2019 (Thursday)
Facilitator: DECD - OBRD	Place/Room: North Tower Plaza – Room C

Name	Title	Company	Phone	E-Mail
Public Attendance:				
Kwan Yen Cho	Owner	New England Cleaners		
Sunwha Cho	Owner	New England Cleaners		
Bart Scott	Owner	3355 Main St. LLC		
Hansen Cummins	President	Cummins Envirotech Inc.		
Phil Cote	President	French Cleaners		
Peter Blake	Vice President	NCFA		
Patti Boye-Williams	Attorney	Martha Cullina		
Josh Kaplan	LEP	Geo Quest		
Ted Stevens	LEP	Stevens Eng		
Bokyung Choi	Business Broker/Realtor	Heritage		
State Agency Reps:				
Donald Friday	Program/Project Manager	DECD	860.500.2363	Don.Friday@ct.gov
Tiffany Maldonado	Project Manager	DECD	860.500.2442	Tiffany.Maldonado@ct.gov
Mark Burno	Project Manager	DECD	860.5002442	Mark.Burno@ct.gov
Ned Moore	Project Manager	DECD	860.500.2448	Ned. Moore@ct.gov
Paige Rasid	Exec. Assistant	DECD	860. 500.2378	Paige.Rasid@ct.gov
Binu Chandy	Dep. Director, OBRD	DECD	860.500.2454	Binu.Chandy@ct.gov
David Kooris	Deputy Commissioner	DECD	860.500.2340	David.Kooris@ct.gov
Bruce Innes	Tax Division Chief	DRS	860.541.7567	Bruce.Innes@po.state.ct.us
Sheila Gleason	Remediation Division	DEEP	860.424.3767	Sheila.Gleason@ct.gov

STATE OF CONNECTICUT
Department of Economic & Community Development
Office of Brownfield Remediation & Development

Dry Cleaning Remediation Fund

Annual Meeting Minutes
Thursday August 29, 2019 - 2:00 to 4:00 p.m.

Department of Economic and Community Development
450 Columbus Boulevard, North Tower – Plaza Level – Mtng. Rm. C, Hartford

Public Attendance: Please see attached, the Attendance Sheet

State Agency Attendance: Dept. of Economic and Community Development (DECD): David Kooris, Binu Chandy, Don Friday, Ned Moore, Tiffany Maldonado, Mark Burno, Paige Rasid; Dept. of Revenue Services (DRS): Bruce Innes; Dept. of Energy & Environmental Protection (DEEP): Sheila Gleason.

Welcome and Introduction (David Kooris, Deputy Commissioner, DECD): As the Deputy Commissioner was running late, OBRD's Deputy Director, Binu Chandy welcomed the group and conducted the introductions. Mr. Kooris addressed the group once he arrived.

Fund Updates and New Guidelines/Policy (Binu Chandy, Deputy Director, DECD)

- ***Dry Cleaning Surcharge Receipts Status*** - Since Fiscal Year (FY) 2015, there has been a decreasing trend in total receipts. The total surcharge receipts for FY 2019 was \$605,518. In comparison, the total receipts for FY 2018 and FY 2017 were \$633,493 and \$728,064.85, respectively. The collections for FY 2019 has decreased by approximately 17% in relation to the collections in FY 2017 (July 2016 – June 2017). The new surcharge collection rules – that exempted drop stores from paying into the Fund – rolled out on October 1, 2017. It is a little early to correlate the decreasing trend in collections to the new rule that exempts drop stores from contributing to the Fund but the majority present agreed that the industry has been experiencing a decline in business even across the country.
- ***Status of Projects on Pipeline/Waiting List*** - As of 8/29/19, there are 42 applications in queue on the waiting list. The total request is approximately \$9.3 million. The average annual surcharge receipts since FY16 is approximately \$685,454. Since the maximum request amount for dry cleaning funds for any eligible establishment is \$300K, DECD expects to fund approximately two to six applicants in a year (depending on the size of each request). At the current rate of receipt collection, DECD expects to take 13 to 15 years to satisfy all the requests on the waiting list.

The question was raised whether smaller requests (e.g., \$50K) for assessment work that were lower in the queue could be entertained prior to processing the earlier (and larger) requests in the queue. DECD confirmed that it was not possible to break the queue for logistical reasons. However, it was suggested that the Dry Cleaning industry could

petition the legislature for separate/special authorization that could address such requests. Peter Blake, Vice President, North East Fabricare Association (NEFA) mentioned that he would be organizing a concerted effort from the industry to petition the legislature for a special fund in lieu of the new sales tax imposed on the Dry Cleaning Industry.

It was also clarified that DECD is not expecting to conduct a new intake round or accept any new applications for dry cleaning funds at this time. Only those applicants in the DECD Pipeline/Waiting list will be entertained.

- **DECD Policy/Guidelines (Roll out of new and clarification of existing) -**
 - ***Ninety-one (91) days to submit a full application:*** Beginning October 1, 2019 applicants on the DECD Pipeline/Waiting List will have a total of 91 days to submit a full application from the time they are notified by DECD that they are approaching the top of the waiting list. An extension will be granted at the discretion of the Commissioner, if sufficient justification is provided, up to an additional 91 days (not more than a total of 182 days). DECD will be reformatting the Waiting List posted on its Website. All projects expected to be funded in the next two years will be flagged such that applicants closer to the top of the list can start to prepare for the pre-requisites required to submit a full application to DECD.
 - ***Current “Drop-stores” that were “Eligible Dry Cleaning Establishments” prior to DECD’s review of Application Form:*** To qualify for a grant, a current “drop-store” should have been an eligible dry cleaning establishment (registered with the DRS Commissioner) that did business at the site for a period of at least one year prior to the approval of the application. As per the new DRS rules, drop-stores stores will not be required to contribute to the 1% surcharge after October 2017. In order for the drop stores to qualify for the Dry Cleaning funds, the surcharge must be paid in full up to October 1, 2017.
 - ***Applicant Eligibility:*** An applicant on the waiting/pipeline list has to be an “eligible applicant” at the time of submitting the full application to DECD. The same rule applies for “returning applicants.” Currently eligible applicants include:
 - A business owner or operator of an eligible dry-cleaning establishment (that is using or previously used, tetrachlorethylene or Stoddard solvent or chemicals) for at least one year prior to application approval.
 - An owner of property that is or that was occupied by an eligible dry cleaning establishment for at least one year prior to application approval.

The issue was raised about applicants who are “responsible parties” and/or potential “certifying parties” as per the Transfer Act who are currently on the pipeline/waiting list and who would like to sell their business/property but cannot due to the threat of losing their eligibility and place in the line. DECD agreed to propose a statutory revision to the Dry Cleaning Fund statues in the next legislative session that would include “Certifying Parties” as described in the Transfer Act legislation as eligible applicants for the funds.

DRS Presentation – Update on New Sales Tax (Bruce Innes, Tax Division Chief):

- Beginning January 1, 2020, Dry Cleaning and Laundry services will be subject to a 6.35% sales tax.
- Unlike the Dry Cleaner Surcharge, which is imposed on Connecticut Dry Cleaners, sales tax is a trust tax imposed on and collected from the final customer. Dry Cleaners, Drop Stores, Route Deliverers and Launderers are required to collect sales tax on their service when a customer picks up the dry cleaned or laundered items at a Connecticut location or when the items are delivered to a customer's Connecticut location.
- When a Dry Cleaner is performing the service for another entity that will sell the service to the final customer, the Dry Cleaner must obtain a resale certificate from the other entity. If a resale certificate is secured and taken in good faith, the Dry Cleaner will not have to impose sales tax on the sale to the other entity and will not be liability for sales tax on the transaction.
- All dry cleaning establishments are required to register for sales tax with the DRS.
- Sales taxes from the dry cleaners do not go into the Dry Cleaning Fund.
- Mr. Innes had copies of the new policy available for the attendees.

Program Basics (Don Friday, DECD Program/Project Manager): The application, contracting, and payment reimbursement processes were briefly reviewed. Please visit the Dry Cleaning website for more information. https://portal.ct.gov/DECD/Content/Community-Development/03_Funding_Opportunities/Brownfields-Remediation/Dry-Cleaning-Remediation-Fund. Mr. Friday emphasized the importance of having complete submissions for both applications and payment reimbursements to reduce delays with DECD reviews and approvals. Applicant should include proof of completion of work, invoices, any reports prepared using the funds and copies of cancelled checks when submitting for a reimbursement request. It was also advised that applicants should try their best to distinguish the work that will be eligible for DECD funds in cases where the total remediation contract also included work funded by non-DECD dollars.