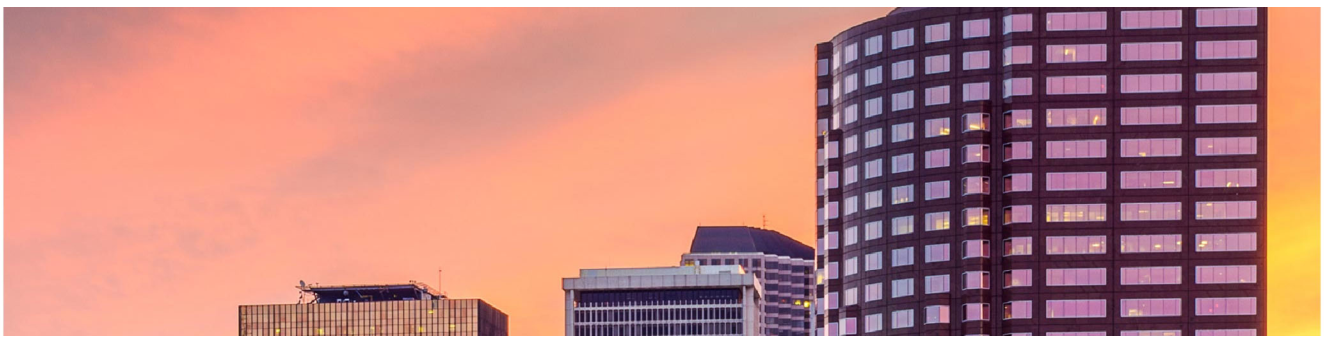

TABLE OF CONTENTS

I. BUSINESS ASSISTANCE TAX CREDITS

A. DECD Administered Business Assistance Tax Credit Programs

For a listing of DECD tax credit recipients, please click here.

Estimated Economic Impacts of Tax Credit Programs: Methodology

The economic impact analyses of the tax credits below consist of either an estimated direct impact analysis or an estimated total impact analysis. The estimated direct impact is the tax revenue generated by the activity for which the tax credit is awarded: these are the estimated tax revenues generated by the newly created jobs and the construction and investment activity. New jobs generate new income taxes and the construction and investment generate new sales taxes. The direct net economic impact is the sum of the estimated income taxes and estimated sales taxes minus the lost tax revenues to the state due to the tax credit. Direct corporate taxes are not reported as we do not have a reliable method of estimating it. The direct impact is the most conservative estimate of the economic impact of the program under review. The estimated net direct impact analysis does *not* include any potential downstream impacts in the economy from the additional spending or jobs created.

The estimated total impact is the sum of the direct, indirect, and induced impact of the tax credit program. The total estimated fiscal revenues reported therefore incorporate the 'direct' additions to state net revenues (the "direct impact" explained above), the 'indirect impacts' (for example, the income taxes from the construction jobs needed to build a new building) and the 'induced impact' (for example, revenues generated when new employees at the company and those filling indirectly created jobs spend their income on food, clothing and other items which would generate sales tax revenue to the state). Estimated state expenditures incorporate the direct cost to the state of the tax credits, plus additional indirect and induced government spending due to the additional economic activity. We use the total economic impact evaluation methodology when we have insufficient data to conduct a direct impact analysis. This typically happens when the goal of the tax credit goes beyond job creation and investment such as enterprise zones which target development in the local community, and film tax credits which aim to build a film and digital media industry in the state. For these types of programs, we estimate the total economic impact using DECD's REMI Tax-PI model.

1) **Special Act- Lockheed Martin**

i. **Program Description**

(1) **Contract 1**

In FY 2017, DECD and Lockheed Martin Corporation entered into a Special Act contract for up to $140,000,000 in grants and $80,000,000 in sales and use tax exemptions to be funded evenly between 2019 and 2033. In exchange for this assistance, Lockheed Martin will maintain its primary helicopter manufacturing operation and headquarters in Connecticut and produce up to 200 CH-53K (King Stallion) heavy lift helicopters in the state through at least June 2032. Please click here for additional details on the employment, in-state supply chain spending, and capital expenditure targets Lockheed Martin must achieve to earn the entire incentive package.

(2) **Contract 2**

In FY 2023, DECD and Lockheed Martin Corporation entered into a new Special Act contract for up to $75,000,000 in tax benefits. In exchange for this assistance, Lockheed Martin will maintain the Sikorsky Headquarters and its primary helicopter production facility for current U.S. government programs in Connecticut and undertake and maintain the production of FLRAA and FARA helicopters for the U.S. Government under the FVL contracts in Connecticut during the term of the contract.

As of June 30, 2023, Lockheed Martin remains eligible for up to $50,000,000 in tax benefits.

Based on the maximum contracted employment under either contract the financial assistance made available to Lockheed Martin per job is shown in the table below.

Table 1: Financial Assistance per Job	
Total Assistance Contract 1	$ 220,000,000
Total Assistance Contract 2	$ 50,000,000
Jobs to be created and retained	8,582
Total Assistance per Job	$ 31,461

Source: DECD

ii. Program Activity

(1) Contract 1

As of June 30, 2023, Lockheed Martin has earned an offset of $28,570,000 in sales and use taxes and obtained $37,085,713 in grant funding. Additional grant funding was released by DECD in FY 2024 and will be reported in the next annual report. The table below shows the estimated revenues from Lockheed Martin in FY 2019 through FY 2023, based on data reported by the company.

Table 2: Net Direct Economic Impact of Lockheed Martin FY 2019 - FY2023	
New Jobs Reported	1,508
Estimated Income Taxes from New Jobs	$ 42,710,705
Estimated Sales Taxes from Capital Expenses	$ 29,355,305
Estimated Direct Total State Revenue	$ 72,066,010
Incentive Cost to State*	$ 34,551,168
Net Direct State Revenue	$ 37,514,841

Source: DECD Analysis
Note: Direct State Revenue does not include estimates of corporate business taxes or other direct taxes. The incentive cost to the state are the tax credits and debt service on grants awarded.

(2) Contract 2

As of June 30, 2023, Lockheed Martin has not earned any tax benefits under the second contract.

2) Stranded Tax Credit/ Sales and Use Tax Offset Program

i. Program Description

The Stranded Tax Credit program was established in June 2017 by Public Act 17-2. Per statute, the program is capped at $50,000,000. An accumulated credit is defined as non-incremental research and development tax credits (CGS Sec. 12-217n) that have not been taken through the business's last complete income year prior to its program application date (therefore, the credits are "stranded"). This program is designed to allow businesses to offset such Accumulated R&D Credits against their sales and use tax liabilities so long as it undertakes a capital project that meets one of the following objectives:

- Expands the business's scale or scope,
- Increases employment at the business,
- Generates a substantial return to the state's economy.

ii. Program Activity

As of FY 2023, DECD approved 2 applications.

Table 3: Stranded Tax Credit Activity as of June 30, 2023				
Company	**Contract Date**	**Credits Allocated**	**Credits Issued**	**Status of Capital Project**
ASML US LLC	6/27/2018	$ 6,000,000	$ 6,000,000	Complete
Boehringer Ingelheim USA Corporation & Boehringer Ingelheim Pharmaceuticals, Inc.	2/18/2020	$ 14,000,000	$ 0	In process
Total		$ 20,000,000	$ 6,000,000	

Source: DECD

Table 4: Financial Assistance per Job	
Total Tax Credits Allocated	$ 20,000,000
Jobs to be created and retained	3,833
Total Credits Allocated per Job	$ 5,218

Source: DECD
Note: ASML also received MAA funding. The contractual job requirement is included in the table above.

iii. State Revenue Generated

ASML received their full allocation of credits in FY 2021. The estimated revenues generated to date and the 10-year projection assuming current employment levels is shown below.

Table 5: ASML Sales and Use Tax Offset State Revenue To-Date and Projection		
	Revenue Totals To-Date 2018-2023 (Nominal $)	10-Year Projected Totals (Nominal $)
Tax Credits Earned	$ 6,000,000	
Estimated Income Taxes - Direct	$ 16,883,700	$ 31,422,432
Estimated Sales Taxes - Direct	$ 1,840,205	$ 1,840,205
Total Estimated State Revenue - Direct	$ 18,723,906	$ 33,262,637

Source: DECD Analysis
Note: Direct State Revenue does not include estimates of corporate business taxes or other direct taxes.

The table below shows the estimated revenues from Boehringer at the time of application. The projections will be updated in the FY 2024 report.

Table 6: Boehringer Sales and Use Tax Offset State Revenue Projection		
	5-Year Totals (Nominal $)	10-Year Totals (Nominal $)
Tax Credits Allocated	$ 14,000,000	
Estimated Income Taxes - Direct	$ 834,560	$ 2,124,374
Estimated Sales Taxes - Direct	$ 3,566,160	$ 3,921,760
Total Estimated State Revenue - Direct	$ 4,400,720	$ 6,046,134

Source: DECD Analysis
Note: Direct State Revenue does not include estimates of corporate business taxes or other direct taxes.The allocation above was based on direct, indirect, and induced impact.

iv. Recommendation:
DECD recommends the program continue within available appropriations.

3) Urban and Industrial Site Reinvestment Tax Credit (URA)

i. Program Description

URA credits are designed to incent development of new jobs and economic activity by companies or developers across the state. The full tax credit is allowable over ten years as follows:

- The income year in which the investment was made and the two succeeding income years, 0%
- The third full income year following the year in which the investment was made and the three succeeding income years, 10%
- The seventh full income year following the year in which the investment occurred and the two succeeding income years, 20%

The URA program is capped at $950 million in awardable credits and individual projects may not exceed $100 million in awardable credits. If a project exceeds $20 million in awardable tax credits, it must be approved by the legislature. These credits may be assigned once by the holder.

ii. Program Activity

The table below shows the URA recipients over the last ten years along with the total tax credits awarded and earned (the state's tax cost). This list contains companies that signed contracts within this time frame. The total credits allocated as presented below represent the potential credits the company may claim. Credits for which certificates were issued to companies by DECD from FY 2014 through FY 2023 are listed under "credits earned."

Table 7: Urban and Industrial Site Reinvestment Tax Credits, FY 2014-FY 2023

Applicant	Town	Contract Fiscal Year	Total Credits Allocated	Total Credits Earned
ESPN, Inc.	Bristol	2014	$ 10,000,000	$ 10,000,000
Frito-Lay, Inc.	Dayville	2014	$ 3,000,000	$ 3,000,000
HomeServe USA Corp.	Norwalk	2014	$ 5,000,000	
Lee Company	Westbrook	2015	$ 10,000,000	$ 10,000,000
Pitney Bowes	Stamford	2015	$ 10,000,000	$ 3,894,550
Vineyard Vines	Stamford	2015	$ 8,000,000	$ 6,400,000
XL America, Inc.	Hartford	2015	$ 7,255,184	$ 2,902,072
Bridgewater Associates, LP	Westport	2016	$ 12,000,000	$ 12,000,000
Conair Corporation	Stamford	2016	$ 15,000,000	$ 11,400,000
Fed Ex	Middletown	2016	$ 20,000,000	$ 12,000,000
Linde, Inc. f/k/a Praxair, Inc.	Danbury	2016	$ 16,000,000	$ 6,400,000
Bob's Discount Furniture	Manchester	2017	$ 11,000,000	$ 3,300,000
Partner Reinsurance Company	Greenwich	2017	$ 1,437,492	$ 431,247
Polamer Precision	New Britain	2017	$ 10,000,000	
Trader Joe's East, Inc.	Bloomfield	2017	$ 7,000,000	$ 2,100,000
Henkel of America, Inc.	Rocky Hill	2018	$ 5,000,000	$ 1,500,000
Indeed, Inc.	Stamford	2018	$ 15,000,000	$ 3,000,000
Charter Communications	Stamford	2019	$ 15,000,000	$ 3,000,000
Charter Communications	Stamford	2019	$ 8,000,000	
Indeed, Inc.	Stamford	2019	$ 5,000,000	
World Wrestling Entertainment	Stamford	2019	$ 8,500,000	
Amazon.com Services LLC	North Haven	2021	$ 15,000,000	$ 3,000,000
Americold Logistics LLC	Plainville	2021	$ 3,000,000	
Nordson Corporation	Norwich	2021	$ 900,000	
101 College Street, LLC	New Haven	2021	$ 18,500,000	
TOTAL			**$ 239,592,676**	**$ 94,327,869**

Source: DECD

Note: The tax credit awards may have been reduced to account for reallocated funds. Companies that left the program without receiving a URA credit have been removed from this table.

iii. Estimated Direct Economic Impact

The table below presents the estimated direct economic impact of companies that entered the URA program over the last ten years. The data used to evaluate the fiscal impact is supplied by the companies during their annual certification process. The direct jobs data consists only of newly created jobs reported by the companies while active in the program and does not include retained jobs. The direct state revenue comprises estimated income tax revenues generated by the new jobs plus estimated sales tax revenues generated by the eligible capital expenses. Some companies were eligible for exemptions under the sales and use tax exemption program administered by Connecticut Innovations; these amounts were deducted from the sales tax estimations.

Table 8: Net Direct Fiscal Impact of URA Program in Nominal Dollars FY 2014-FY 2023

	URA Direct Impact
New Jobs Reported – Annual Average Above Baseline*	3,634
Estimated Cumulative Direct State Revenue	$ 259,978,527
Cumulative Direct State Costs (Tax Credits)	$ 94,327,869
Estimated Cumulative Net Direct Revenue	$ 165,650,658

Source: DECD

*Note: *Direct jobs are those reported by the companies to DECD while active in the program. Direct State Revenue does not include estimates of corporate business taxes or other direct taxes.*

The table below shows the tax credit allocated per job to be created or retained.

Table 9: URA Tax Credits Allocated per Job to be Created or Retained Based on Maximum Contractual Job Obligations

Tax Credits Allocated	$	239,592,676
Jobs to be Created or Retained		25,567
Tax Credits Allocated per job	$	9,371

Source: DECD

Note: The number of jobs retained and created have been adjusted to account for duplication for companies that have received assistance from more than one program or more than one URA contract. If a company has an MAA/URA contract the jobs are included above unless the company has left the URA program without receiving a tax credit.

iv. Recommendation

We recommend maintaining the URA tax credit program because it has generated sizable net benefits. Moreover, qualifying firms are reviewed each year and may incur penalties and/or reduced tax credits if they do not meet job or net benefit requirements. This allows DECD to closely monitor the program, track the economic activities and benefits associated with the program, and only provide tax benefits for value created.

4) JobsCT Tax Rebate

i. Program Description

In FY 2023, DECD launched the JobsCT program. Under this program eligible employers can earn a tax rebate equal to 25% of the withholding taxes from net new employees. Employers that locate or grow in a Distressed Municipality or Opportunity Zone are potentially eligible for a 50% rebate. The rebate payout is earned in years 3 through 7 with years 8 and 9 being discretionary, ensuring the jobs are created before the credits are issued. For additional information on JobsCT please click here.

ii. Program Activity

The table below shows fully executed JobsCT agreements along with the allocation amounts. As of June 30, 2023, no credits have been issued.

Table 10: JobsCT FY 2023

Applicant	Town	Contract Fiscal Year	Total Credits Allocated
Greenbriar Equity Group, L.P.	Greenwich	2023	$ 1,275,000
Ensign Bickford Aerospace Defense Company	Simsbury	2023	$ 1,013,460
Avelo Airlines, Inc.	New Haven	2023	$ 355,000
TOTAL			**$ 2,643,460**

Source: DECD

The table below shows the tax credit allocated per job to be created or retained.

Table 11: Tax Credits Allocated per Job to be Created Based on Maximum Contractual Job Targets

Tax Credits Allocated	$ 2,643,460
Maximum Jobs to Be Created or Retained	832
Tax Credits Allocated per job	$ 3,177

Source: DECD

iii. Estimated Direct Economic Impact

The economic impact of the JobsCT Program will be calculated once jobs are created and credits are issued.

iv. Recommendation

We recommend continuing the JobsCT program until enough data is available to evaluate the effectiveness of the program.

5) Data Center Tax Incentive Program

i. Program Description

To support the growth of data centers, DECD offers the Data Center Tax Incentive Program, which provides tax exemptions to qualified, eligible data centers that locate within the state and make a minimum investment. DECD offers applicants Property Tax and Sales and Use Tax exemptions for a period of 20 years for expending the minimum $200 million of qualified expenditures within 5 years from the execution of the financial assistance agreement. If an applicant exceeds $400 million of qualified expenditures within 5 years of the commencement date, the applicant will qualify for the 30-year exemption. The applicant must make the minimum qualified investments as defined C.G.S. Section 32-286 to qualify for the respective exemption period. For additional information on the Data Center Tax Incentive Program please click here.

ii. Program Activity

Table 12: State Data Center Tax Incentive Program FY 2023			
Applicant	**Town**	**Contract Fiscal Year**	**Projected Minimum Investment**
Cigna Corporation	Windsor	2023	$ 386,000,000

Please note there are no contractual job creation or retention requirements under the State Data Center program.

iii. Estimated Direct Economic Impact

The economic impact of the Data Center Tax Incentive Program will be estimated once activity is reported and exemptions are issued.

iv. Recommendation

DECD recommends this program continue, with consideration for the impact data centers may have on the regional electric grid of any proposed projects going forward. DECD may recommend related programmatic changes in the future.

6) Film, Television and Digital Media Tax Credits

i. Program Description

DECD's film incentives program aims to expand the motion picture and digital media production industry in the state. The Office of Film, Television & Digital Media assists film, television and digital media companies with three tax incentive programs based on qualified in-state expenditures. Film tax credit recipients can be found here.

During FY 2023, over $112 million in tax credits were issued for $378.6 million spent in Connecticut by qualified productions (the productions mostly occurred prior to FY 2023).

Table 13: DECD FY 2023 Film Tax Credit Activity			
Tax Credit Program	**Company Spend**	**Tax Credits Issued**	**Number of Credits**
Film, Television & Digital Media	$ 335,337,578	$ 103,934,659	36
Digital Animation Production Co.	$ 0	$ 0	0
Film Infrastructure	$ 43,246,812	$ 8,649,362	2
TOTAL	**$ 378,584,390**	**$ 112,584,021**	**38**

Source: DECD

ii. Estimated Economic and Fiscal Impacts

Because we do not have job creation data tied to the tax credit, and because the intent of the tax credits is to build a film and digital media production industry in the state, we conduct a total economic impact analysis for the film and digital media production tax credit utilizing DECD's REMI model, which presents the direct, indirect and induced activity that results from the tax credit. Job creation data is now required per PA 23-204. We anticipate incorporating job creation data into future estimates.

(1) Film & Digital Media Production Tax Credit

An eligible production company that produces a qualified production and incurs qualified production expenses or costs in excess of $100,000 may apply for a tax credit equal to 10-30% of production expenses and costs incurred in Connecticut. Expenses claimed for the film and digital media production tax credit may not be used in claiming either the digital animation tax credit or the infrastructure tax credit (see below). This tax credit intends to attract more film, television, and digital media productions to the state than if the credit did not exist.

a. Estimated Economic Impact of the Film & Digital Media Production Tax Credit

The table below shows the economic impact of the tax credit program in FY 2023 using an "expenditure approach", which estimates the impact of the film and digital media production expenses that qualified for the credit against the revenue loss to the state of the awarded tax credits. It shows almost $4 of new economic activity ("output") in the economy per $1 of tax credit awarded in FY 2023.

Table 14: Estimated Total Economic Impact of the Film & Digital Media Production Tax Credit FY 2023		
	FY 2023	**Per $1 of credit**
Inputs		
Eligible Production Spending	$ 335,337,578	
Total Credits Issued	$ 103,934,659	
Results		
Estimated New Employment	1,385	
Estimated New Gross Domestic Product (GDP)	$ 282,511,600	$ 2.72
Estimated New Output (Total Sales)	$ 408,844,500	$ 3.93

b. Estimated Fiscal Impact

DECD utilizes industry employment to obtain a broad estimate of the fiscal impact of the film and digital media production tax credit. In February 2022, DECD released a comprehensive evaluation of the agency's film incentive programs performed by a consulting firm specializing in film, television and digital media industry-specific economic impact studies (referred to below as the Olsberg report; the study can be found here). The study reports the results of surveys conducted of the users of the film & digital media production tax credit. The results indicate that the availability of the tax credits were critical to their location and expansion decisions in the state, with the majority of survey respondents saying it was the most important factor. The report concludes that the tax credits incentivized the growth of the industry in the state and that a significant portion of the jobs in the industry would not be in the state in the absence of the tax credits.

The two industries that utilize the tax credits are the motion picture industry and the broadcasting industry. We estimate the economic impact of the film and digital media production tax credit using 50% of these industries' jobs in the state. This is the mid-point of the range the Olsberg report used and is a conservative estimate based on the responses to the authors' surveys.

Employee headcount data used for the estimates below are monthly state industry data reported by the Bureau of Labor Statistics (BLS) for FY 2023. The data shows an average of 10,153 jobs in the two industries in FY 2023, so 50% of those jobs (5,076) are used for the estimates below.

The estimated impact below is for credits issued in FY 2023.

Table 15: Estimated Total Fiscal Impact of the Film & Digital Media Production Tax Credit FY 2023		
	FY 2023	**Per $1 of credit**
Inputs		
50% of Industry Jobs	5,076	
Total Credits Issued	$ 103,934,659	
Results		
Estimated State Revenues	$ 83,060,000	$ 0.80
Estimated State Expenditures	$ 38,932,600	
Estimated Net State Revenue	$ 44,127,400	

Source: Bureau of Labor Statistics, DECD

The estimated state revenues above incorporate the loss of state revenues equivalent to the amount of the tax credit issued. The $83 million is therefore new revenues net of the cost of the tax credit. The estimated state expenditures are new expenses the state may incur because of the new activity (for example, significant new economic activity can result in population changes as more workers move their families towards new job opportunities, and the increased population drives up government spending on services). The positive net figure above indicates that when taking indirect and induced new state spending into account, approximately 50% of industry employment, or around 5,000 jobs in the two industries, were necessary for the tax credit to "break even" in FY 2023.

c. Recommendation

DECD recommends this program continue, and that DECD analyze program performance and evaluate any opportunities to improve efficacy, as needed.

(2) Film Production Infrastructure Tax Credit

This tax credit is available to a taxpayer that invests in a state-certified entertainment infrastructure project. The credit intends to help establish a film and digital animation industry presence in Connecticut by incentivizing capital investment in plant and equipment for pre- and post-production facilities and investment in educational programs that produce the workforce needed by the film and digital animation industry.

The amount of film infrastructure credits issued in FY 2023 is $8.6 million for over $43 million in eligible infrastructure expenses.

a. Estimated Fiscal Impact for the Film Production Infrastructure Tax Credit

To account for the indirect and induced impact for of the eligible infrastructure activity, we present the total impact estimated using DECD's REMI model below.

Table 16: Estimated Total Fiscal Impact of the Film Infrastructure Tax Credit FY 2023

	FY 2023	Per $1 of credit
Inputs		
Eligible Infrastructure Spending	$ 43,246,812	
Total Credits Issued	$ 8,649,362	
Results		
Estimated New Construction and Related Jobs	190	
Estimated State Revenues	-$ 7,357,820	-$ 0.85
Estimated State Expenditures	$ 303,020	
Estimated Net State Revenue	-$ 7,660,840	

The estimated state revenues above incorporate the loss of state revenues equivalent to the amount of the tax credit issued. The loss of $7.3 million in tax revenues is therefore new revenues net of the cost of the tax credit. The estimated state expenditures are new expenses the state may incur because of the new activity (for example, significant new economic activity can result in population changes as more workers move their families towards new job opportunities, and the increased population drives up government spending on services).

The economic and fiscal impacts of construction and related activities dissipate quickly upon completion. We cannot model new permanent employment associated with the infrastructure project because credit applicants are not required to provide information on employment or procurement in the new facilities. We do not assign any jobs to the facilities because we already assigned 50% of the industry workforce to the film and digital media production tax credit above. Because industry jobs are most likely associated with the availability of both film tax credits, we are understating the impact of the infrastructure tax credit.

The analysis presented here therefore represents a partial picture of the benefit of the infrastructure projects undertaken by the recipient firms, as we cannot say which credit is responsible for which jobs. Because we have no knowledge of the totality of net new economic activity the infrastructure projects facilitate, we cannot determine the entire net benefit of the infrastructure tax credit program; here we analyze it in isolation.

The new employment above is mostly in the construction sector with a few in supporting sectors. It is a narrow measure of the impact of the film infrastructure credit; data on new jobs in the facilities, for example, from the companies that utilize the credit would enable DECD to conduct a fuller evaluation of the benefits of this credit. The Olsberg report used the same methodology as above and drew the same conclusions.

b. Recommendation

DECD recommends this program continue, and that DECD analyze program performance and evaluate any opportunities to improve efficacy, as needed.

(3) Digital Animation Tax Credit

A Digital Animation Tax Credit is available to state-certified digital animation production companies that engage in digital animation production activities on an ongoing basis. The credit intends to help establish a digital animation industry presence in Connecticut by incentivizing increased employment and capital investment in plant and equipment for digital animation facilities. No new Digital Animation credits were issued in FY 2023.

DECD recommends this program continue, and that DECD analyze program performance and evaluate any opportunities to improve efficacy, as needed.

7) InvestCT

i. Program Description

In 2015, the legislature amended the Insurance Reinvestment Fund tax credit to provide a new tax credit under the name InvestCT which can only be applied against taxes imposed under Chapters 207 (insurance, hospital and medical services corp. tax), and CGS §38a-743 (insurance premiums tax). This tax credit was an extension of the second Insurance Reinvestment Fund tax credit. Under this program the tax credit certificates are to be distributed in years six through ten in tranches of 20%. The first certificates were distributed in FY 2021.

Table 17: InvestCT Fund Managers' Investments and Job Creation 2016-2023

Investments by Industry	Total	
Utilities	$	20,450,000
Construction	$	750,000
Food Manufacturing	$	2,575,000
Paper Manufacturing	$	2,125,574
Chemical Manufacturing	$	11,057,169
Plastics and Rubber Products Manufacturing	$	2,250,000
Fabricated Metal Product Manufacturing	$	9,020,000
Electrical Equipment, Appliance and Component Manufacturing	$	1,250,000
Other Transportation Equipment Manufacturing	$	1,500,000
Miscellaneous Manufacturing	$	1,525,004
Merchant Wholesalers	$	4,400,000
Retail Trade	$	9,972,000
Publishing Industries (Including Software)	$	13,563,774
Telecommunications	$	1,360,000
Data Processing, Hosting and Related Information Services	$	1,000,000
Financial Investments and Related Activities	$	4,500,000
Professional and Technical Services	$	25,315,232
Administrative and Support Services	$	544,488
Waste Management and Remediation Services	$	7,543,749
Ambulatory Health Care Services	$	13,804,202
Social Assistance	$	10,671,557
Accommodation including Recreational Camps	$	1,250,000
Total Investments	**$**	**146,427,750**
Job Creation (across all industries)		**1,565**
Tax Credits Issued by DECD	**$**	**101,372,347**

Source: DECD

Note: Does not include jobs that were counted towards other DECD assistance.

(1) Estimated Net Economic Impact of InvestCT

The total economic impact of the InvestCT program was estimated using the REMI Tax-PI model. The table below reports the results of the economic simulation. These numbers represent the estimated net new economic activity in the Connecticut economy generated by the InvestCT Tax Credit. The total impact includes estimated direct, indirect, and induced economic activity.

Table 18: Estimated Total Economic Impact of the CTInvest Tax Credit from 2016-2023		
	Impact	**Revenue earned per $1 of credit**
Total Fund Investments	$ 146,427,750	
Total Credits Issued	$ 101,372,347	
Estimated Total New Jobs – Annual Average Above Baseline	3,372	
Estimated Cumulative Total State Revenues	$ 130,794,130	$ 1.29
Estimated Cumulative Total State Expenditures	$ 98,617,560	
Estimated Cumulative Net State Revenue	$ 32,176,570	

Source: DECD

*Note: *Total jobs are estimated new direct, indirect, and induced employment as a result of the program. Total state revenues and expenditures are the sum of the estimated new direct, indirect, and induced state revenues and expenditures generated by the program.*

a. Recommendation

The legislature allocated an additional $200 million to this program in 2021. DECD will continue to monitor the impact of the program and recommends the program continue within available allocations.

8) Property Tax Abatements for Investment in Enterprise Zones

i. Program Description

Companies that locate in an Enterprise Zone can apply for a five-year, 80% abatement of local property taxes on qualifying real and personal property subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project, and in the case of an existing building having met the statutory idleness requirement. The enterprise zone program benefit is a property tax abatement equal to 80% of the assessed value (which is 70% of market value) of real property and machinery and equipment new to the local grand list, multiplied by the appropriate mill rate. The State reimburses the municipality for 50% (half) of the foregone taxes, where the tax losses are directly related to the expansion project at the real property seeking the enterprise zone benefits.

There are several types of Enterprise Zones across the state. Targeted Investment Communities may offer EZ benefits within their bounded Enterprise Zones, and/or in State-designated entertainment districts, qualified manufacturing plant sites, or railroad depot zones. The Urban Jobs Program provides EZ-level benefits to eligible companies with suitably induced projects located in a Targeted Investment

Community but outside of the bounded Enterprise Zone, the entertainment district, and the railroad depot zone. Other zones across the state within the Enterprise Zone Program include: Airport Development Zones, Bioscience Enterprise Corridor Zones, Contiguous Municipality Zones, Defense Plant Zones, Enterprise Corridor Zones, Knowledge Center Enterprise Zones, and Manufacturing Plant Zones.

Details about the various Enterprise Zones can be found here.

ii. Program Activity

The table below shows the dollar amounts claimed for newly certified eligible investments and the associated value of the investments for 2023. DECD certifies companies as being eligible for EZ benefits, and municipalities that grant the abatements file claims with the state's Office of Policy and Management (OPM) for state reimbursement.

Table 19: Property Tax Abatements for Investment in Enterprise Zones, 2023 (Grand List Year 2022)	
Claimed Abatements for Newly Certified Investments	$ 487,311
Number of New Certifications	54
Associated Investment Value Based on Assessment	$ 25,740,834

Source: DECD and OPM

iii. Estimated Economic and Fiscal Impacts

Because companies are not required to report employment and other relevant data, we analyze the estimated total economic impact of the enterprise zone abatements for 2023 utilizing the REMI Tax-PI model. The estimated total impact is the sum of the direct, indirect, and induced impact of the tax credit program. The program year for the EZ program is the Grand List Year (GLY), which runs October 1 through September 30, with the October date determining the GLY.

The results below are for GLY 2022 investments. The 2023 impact analysis only incorporates investments that were new to the municipalities' grand lists for GLY 2022, as DECD does not have employment and other data from previously approved recipients to conduct an ongoing analysis of their impacts to the region. Claims under all Enterprise Zone types are in the data provided to DECD by OPM and are incorporated into the impact analysis below.

We assume the investment would not have occurred in the region were not for the EZ program. To avoid double counting, we removed Charter Communication's project expenses from this analysis as they are used in our URA tax credit analysis. The company's abatement and associated state costs are included in the analysis. Companies may claim abatements for two types of property new to the grand list: real estate and personal property. Real estate investments could either be acquisitions or construction and/or renovations. Estimates provided to DECD by the companies seeking certification in GLY 2022 showed an average of 59% of real estate investment was targeted for acquisition, and 41% was targeted for construction and/or renovation. We assumed actual investments made followed the same plan and applied these same percentages towards the market value of real estate expense claims (actual expenses may differ from projections provided to DECD). We assume the state will reimburse the municipalities for the full 50% of the abatements. The full estimated economic impact is shown below.

The estimated results suggest that the EZ abatement program had a positive impact in 2023 for GLY 2022 investments. Note that this analysis does not include Charter Communication's capital expenses of $11.4 million but does include the company's abatement and estimated state reimbursement to the city of Stamford. This is a partial analysis as it does not include abatements made for projects beginning in prior years.

Table 20: Estimated Total Economic Impact of New Investments in 2023 Enterprise Zone Program

	Impact in 2023 (GLY 2022)	Revenue earned per $1 of state contribution
Abatements Claimed for New Investments	$ 487,311	
Assumed State Reimbursement to Towns	$ 243,656	
Estimated Total State Revenues*	$ 146,666	$ 0.60
Estimated Total State Expenditures	$ 94,089	
Estimated Net State Revenue	$ 52,577	

Source: DECD
*Note: *Total state revenues and expenditures are the sum of the estimated new direct, indirect, and induced state revenues and expenditures generated by the program.*

It is important to note that the purpose of the enterprise zone program is to yield benefits to the designated community through new or improved real property, reduction of blight, improved community property values, additional taxable property for the local grand list, and benefits to the state as a whole with additional income tax revenues related to the new jobs created. The goal is that by locating in an area in which it normally would not, the company fuels local economic development by employing local residents, stimulating local businesses and strengthening the community's tax base.

iv. Recommendation

We recommend that the Enterprise Zone program continue.

B. Connecticut Innovations Business Tax Credit Programs

In this section, we present available information on tax credit programs that target economic development but are not administered by DECD. The analysis provides estimated activity incented by the credit, which is a measure of the direct economic activity associated with the credit. Additional information, including jobs data if available, can be found in Connecticut Innovations, Inc. (CI) annual report, linked on page 34.

DECD has not conducted an audit, review or compilation of the data provided by CI below.

1) Angel Investor Tax Credit

The Angel Investor tax credit is administered by Connecticut Innovations, Inc. It provides a credit for a cash investment of not less than $25,000 in the qualified securities of a Connecticut business by an angel investor. The credit is applicable to taxable years beginning on or after January 1, 2010, and is applicable to the investors' personal income tax. Qualified Connecticut businesses must have been in business for fewer than seven years and have fewer than 25 paid employees, 75% of whom must be Connecticut residents. Gross revenue must be less than $1 million and management and their families must have majority ownership of the venture.

An ***angel investor*** is an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business. The angel investor may apply to CI to reserve a tax credit equal to 25% of the cash investment. The angel investor must choose from a list of Connecticut businesses that CI has determined are qualified to receive cash investments eligible for the angel investor tax credit. The angel investor must not have a majority ownership of the business.

The most current statistics for this program are shown below (2022 is the most recent tax year for which data is available), followed by a summary of the investments by industry.

Table 21: Angel Investor Tax Credit Program (01/2014-12/2023)		
Number of Investments		1,554
Investments in Qualified Connecticut Businesses	$	126,469,706
Tax Credits Issued (through 12/31/2023*)	$	31,592,672
Tax Credits Claimed (through 2022, from DRS)	$	22,803,083

*Source: Connecticut Innovations and DRS, *2023 data preliminary*

Angel Investor tax credit claims were $3.2 million in FY 2022, and the impact on annual state revenues over the last ten years is $22.8 million of tax credits claimed against the personal income tax. More information on the Angel Investor tax credit program can be found here.

The businesses by broad industry category and the amounts invested in them are shown below.

Table 22: Angel Investments by Company Category 2014-2023		
Bioscience	$	53,958,370
Clean Technology	$	10,038,568
Information Technology	$	37,736,863
Advanced Materials	$	640,000
Other	$	24,095,904
Total	**$**	**126,469,706**

Source: Connecticut Innovations
Note: Numbers may not total due to rounding.

DECD recommends that the State continues to invest in CI programs.

2) Cannabis Angel Tax Credit Program

In 2021, Connecticut established the Cannabis Angel Tax Credit Program for qualified angel investors to invest at least $25,000 in a Qualified Cannabis Business (QCB).

The program offered annual tax credits of $15 million for $37.5 million of investments (which is equal to a 40% tax credit against a Connecticut tax liability). An investment in a Qualified Cannabis Business (QCB) of $25,000 to $1,250,000 qualifies for a 40% credit toward a Connecticut income tax liability. The maximum credit allowed per investor is $500,000.

Table 23: Cannabis Angel Investor Tax Credit Program 2021-2023	
Number of Investments	49
Investments in Qualified Cannabis Businesses	$ 8,043,499
Tax Credits Issued (through 12/31/2023*)	$ 3,217,400

*Source: Connecticut Innovations, *2023 data preliminary*

The program was repealed on June 30, 2023. Tax credits were issued for eligible investments made prior to July 1, 2023.

3) **Sales and Use Tax Exemption**

The Sales and Use Tax exemption is administered by Connecticut Innovations, Inc. (CI). The exemption is for a company's anticipated qualifying capital equipment and/or construction materials. This exemption will relieve the company and/or the developer from Connecticut sales tax, up to a CI Board-approved amount. Active deals as of June 30, 2023, are listed in the table below.

Table 24: FY 2023 Sales and Use Tax Exemption Active Deals				
Date Approved	**Company Name**	**Approved Exemption**	**Eligible Purchase Total (based on 6.35% sales tax)**	**Exemption Used (through FY 2023)**
06/18/18	Electric Boat	$ 20,000,000	$ 314,960,630	$ 12,777,221
02/06/20	500, LLC	$ 1,000,000	$ 15,748,031	$ 770,331
06/23/20	Charter Communications	$ 7,000,000	$ 110,236,220	$ 3,789,409
08/31/20	Americold	$ 1,500,000	$ 23,622,047	$ 1,499,999
04/06/21	Frito Lay	$ 5,500,000	$ 86,614,173	$ 295,235
06/23/20	101 College Street, LLC	$ 5,000,000	$ 78,740,157	$ 1,832,485
04/06/21	Day Hill Dome	$ 350,000	$ 5,511,811	$ 189,134
10/02/19	WWE, Inc	$ 5,000,000	$ 78,740,157	$ 3,887,896
10/29/21	Ranpak Corp	$ 750,000	$ 11,811,024	$ 230,278
04/06/21	SIFI Networks East Hartford, LLC	$ 450,000	$ 7,086,614	$ 0
02/15/22	Travelers	$ 750,000	$ 11,811,024	$ 0
06/09/23	Triumph	$ 750,000	$ 11,811,024	$ 0
	TOTALS	**$ 48,050,000**	**$ 756,692,913**	**$ 25,271,987**

Source: Connecticut Innovations

Companies currently active in the program have an approved total of $48.05 million in sales and use tax exemptions, of which $25.27 million have been claimed. The eligible construction and capital expenses amount to $757 million.

DECD recommends that the State continues to invest in CI programs.

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II. ECONOMIC DEVELOPMENT PROGRAMS AND ACTIVITIES

A. Economic Development Investment Analysis

A listing of DECD's Economic Development recipients can be found here.
DECD's Recovery Bridge Loan recipients can be found here.

The table below shows the various types of direct financial assistance DECD provided.

Table 25: Active Direct Assistance Portfolio Value by Assistance Type				
	FY 2023		Portfolio	
Assistance Type	Assistance Amount	Percentage of Total	Assistance Amount	Percentage of Total
Loans	$ 3,500,000	17.1%	$ 730,081,669	63.6%
Grants	$ 17,023,878	82.9%	$ 418,206,921	36.4%
TOTAL	**$ 20,523,878**	**100.0%**	**$ 1,148,288,590**	**100.0%**

Source: DECD
Note: Numbers may not total due to rounding.

The state's borrowing cost per the Office of the State Treasurer in FY 2023 was 3.69% for 20-year tax-exempt bonds. The following table provides a breakdown of DECD's active portfolio by funding source. Please note that throughout this section the Manufacturing Assistance Act (MAA) program data includes First Five companies that received direct financial assistance and Grants-in-Arrears projects.

Table 26: Value by Funding Source						
	FY 2023			Portfolio		
Funding Source	No. of Companies	Assistance Amount	Percentage of Total	No. of Companies	Assistance Amount	Percentage of Total
MAA	9	$ 20,523,878	100.0%	204	$ 836,133,432	72.8%
EXP	0	$ 0	0.0%	845	$ 172,155,158	15.0%
Other	0	$ 0	0.0%	1	$ 140,000,000	12.2%
TOTAL	**9**	**$ 20,523,878**	**100.0%**	**1,047**	**$1,148,288,590**	**100.0%**
MAA- CI Seamless				9	$ 4,320,000	n/a
EXP- Lending Partners				307	$ 36,642,770	n/a
Inactive MAA Projects				13	$ 68,668,000	n/a
Inactive EXP Projects				1,070	$ 141,608,721	n/a

Source: DECD
Note: For MAA funding, only business assistance recipients are included in the count above. Manufacturing Innovation Fund projects funded with MAA funds are not included in this section. Companies may have received funding under more than one program or under more than one contract. Companies assisted by DECD's lending partners and MAA-CI Seamless recipients are not listed on Open Data since compliance is managed by our Partner entity. Inactive projects include companies that have gone out of business, repaid their assistance and left the program or completed all the contract requirements. EXP projects contracted in FY 2012 and FY 2013 are all included in the inactive portfolio. MAA and "Other" projects are included in this report for 10 years. A company may appear on the active and inactive list if it has multiple contracts. Inactive projects, lending partner projects and Seamless projects are not included in the tables that follow unless otherwise noted. The Recovery Bridge Loans, Connecticut CARES Small Business Grant, Connecticut CARES Business Grants and Connecticut Hospitality Grants are not included in this section.

As a result of DECD's active business assistance investments of approximately $1.1 billion, an additional $4.3 billion was invested in Connecticut's economy. In other words, for every dollar invested by DECD, approximately $3.81 was invested by other sources into the same business projects.

Table 27: Active Portfolio Leverage Ratio			
	Leverage Ratio	**Non-DECD Funds**	**DECD Investment**
Active Portfolio	3.81	$ 4,377,609,334	$ 1,148,288,590

Source: DECD

Note: The table above includes $1,184,000,000 in project costs for Lockheed Martin, a Special Act recipient. This is a $140,000,000 grant with a total budget of $19,341,402,994. Including the total $19 billion budget would have skewed the leverage ratio.

In FY 2023, DECD estimated $27,964,193 in MAA loans and $17,577,790 in EXP loans to be uncollectable. This may include lending partner loans, Seamless loans, Bridge loans and include contracts that originated outside the scope of this annual report. In FY 2023, DECD forgave $8,985,000 in MAA loans and $140,000 in EXP loans in accordance with contract provisions.

The table below shows the industry mix of DECD's active business assistance portfolio.

Table 28: Active Portfolio Industrial Composition			
NAICS	**Industry**	**Direct Assistance**	**%**
11	Agriculture, Forestry, Fishing & Hunting	$ 5,007,300	0.4%
21	Mining, Quarrying, and Oil & Gas Extraction	$ 2,000,000	0.2%
22	Utilities	$ 4,780,000	0.4%
23	Construction	$ 12,853,780	1.1%
31-33	Manufacturing	$ 581,762,154	50.7%
42	Wholesale Trade	$ 37,045,475	3.2%
44-45	Retail Trade	$ 24,258,647	2.1%
48-49	Transportation and Warehousing	$ 22,867,801	2.0%
51	Information	$ 84,971,000	7.4%
52	Finance & Insurance	$ 97,716,320	8.5%
53	Real Estate and Rental & Leasing	$ 9,212,900	0.8%
54	Professional, Scientific, and Technical Services	$ 107,483,848	9.4%
55	Management of Companies & Enterprises	$ 8,700,000	0.8%
56	Administrative and Support/ Waste Management	$ 30,836,121	2.7%
61	Educational Services	$ 11,388,400	1.0%
62	Health Care & Social Assistance	$ 50,137,088	4.4%
71	Arts, Entertainment & Recreation	$ 16,147,000	1.4%
72	Accommodation & Food Services	$ 20,312,925	1.8%
81	Other Services (except Public Administration)	$ 20,661,751	1.8%
92	Public Admin Total	$ 146,080	0.0%
	TOTAL	**$ 1,148,288,590**	**100.0%**

Source: DECD

Note: Numbers may not total due to rounding.

B. Job Creation and Retention Analysis

The following information is a summary of job audits that have been conducted for companies in DECD's portfolio (Direct Assistance and URA Tax Credits) that have contractual employment obligations.

Table 29: Business Assistance Portfolio Job Audit Results as of June 30, 2023

		Contract Requirements				% of Contract
Job Audit Result	**# of Audits Completed**	**Jobs Retained**	**Jobs Created**	**Total Job Obligation**	**Actual Jobs Per Audit**	**Requirement Attained**
Met	938	41,263	14,098	55,361	62,806	113.4%
Not Met	416	7,049	2,240	9,289	7,202	77.5%
TOTAL	**1,354**	**48,312**	**16,388**	**64,650**	**70,008**	**108.3%**

Source: DECD

Note: A company may have more than one audit. Duplicate jobs retained, created and jobs per audit have been removed from this analysis across contracts and programs. This table includes URA tax credit recipients with completed job audits. MAA and URA companies may have multiple audit requirements over a span of several years. The results above are not meant to show the results of the company's final job audit. It does not include companies that went out of business but includes audits for other inactive companies, including 2012 and 2013 EXP projects. COVID assistance programs do not have contractual employment obligations.

C. Wage Analysis

Tables in this section provide the results of a FY 2023 active portfolio wage analysis based on survey results. Please note that Recovery Bridge Loan recipients are not included in this section.

Table 30: Active DECD Portfolio Wage Analysis Based on Survey Responses

Weighted Average	$ 84,976
High	$ 325,356
Low	$ 20,000
Median	$ 57,600

Source: DECD

The following table shows the portfolio wage data, stratified by industry.

Table 31: Business Assistance Portfolio Wages by Industry			
NAICS Code	**NAICS Category**	**# of Companies**	**Portfolio Weighted Average Wage**
23	Construction	4	$ 67,943
31-33	Manufacturing	45	$ 69,181
42	Wholesale Trade	8	$ 131,798
44-45	Retail Trade	13	$ 56,849
48-49	Transportation and Warehousing	1	$ 99,398
51	Information	1	$ 57,101
52	Finance and Insurance	3	$ 276,343
53	Real Estate and Rental / Leasing	1	$ 40,000
54	Professional, Scientific and Technical Services	19	$ 89,985
56	Administrative and Support and Waste Management and Remediation Services	3	$ 87,188
61	Educational Services	3	$ 50,105
62	Health Care and Social Assistance	10	$ 50,924
71	Arts, Entertainment and Recreation	5	$ 64,804
72	Accommodation and Food Service	13	$ 57,962
81	Other Services (Except Public Administration)	7	$ 61,730

Source: DECD

D. Economic Development Direct Assistance Programs

1) MAA

The MAA program was DECD's primary funding source for providing direct financial assistance to businesses. Per CGS Sec. 32-221, the goals of the MAA program are to:

- Promote the retention, expansion, and diversification of existing manufacturing and other economic base businesses in targeted industries
- Encourage manufacturing and other economic base businesses from other geographic areas to locate into the state
- Enhance employment opportunity and the tax base of communities, particularly in the state's more economically disadvantaged communities

An analysis of the MAA portfolio shows these goals are being met. Approximately 69% of MAA active assistance has gone to businesses in the manufacturing, finance and insurance and professional service industries. 49 MAA recipients are located in the state's distressed municipalities. Companies in DECD's MAA portfolio (active and inactive) have committed to create 15,529 jobs and retain 36,118 jobs. Please note these job numbers have been adjusted for duplication across contracts and programs.

Table 32: MAA Financial Assistance per Job to be Created or Retained Based on Maximum Contractual Job Obligations	
Total Assistance	$ 904,801,432
Jobs to be Created or Retained	51,647
Financial Assistance per Job	$ 17,518

Source: DECD

Notes: This calculation includes the Active and Inactive MAA projects. This table reflects a company's maximum job obligation and does not reflect actual jobs created or retained. Duplicate jobs to be created/retained have been removed. Duplicates could be caused by a company having multiple MAA contracts or MAA/URA contracts. Jobs for ASML are included in the Stranded Tax Credit section of this report.

i. Estimated Direct Economic Impact

The below table shows the cumulative direct impact of the MAA program over the most recent 10 years (FY 2014 - FY 2023). The direct jobs are those reported to DECD as newly created jobs while active in the program. This data is obtained through company surveys and audits. The direct net state revenue estimated below is the difference between the direct revenues generated by the program and its direct expenses. The direct impact comes from the jobs created at the company and capital expenditures made by the recipients of the MAA funds, so the direct revenues under the program are the estimated income taxes and sales taxes generated by each of these respectively. The direct expenses are the costs to the state government to fund the program, which is the estimated debt service it pays on the bonds issued to finance MAA grants and loans. These costs are offset by the repayments of loans made by the recipients and any penalties they pay for not meeting required conditions after receiving the funds. Earned forgiveness reduces the loan repayment amounts and are incorporated into the totals as well. Some companies were eligible for exemptions under the sales and use tax exemption program administered by Connecticut Innovations, Inc.; the exemptions claimed through FY 2023 were deducted from the revenue estimations.

Table 33: MAA Estimated Direct Economic Impact FY 2014-2023	
New Jobs Reported – Annual Average Above Baseline*	7,689
Average Direct Net State Revenue	$ 14,576,402
Cumulative Direct Net State Revenue	$ 145,764,021

Source: DECD analysis

*Note: *Direct jobs taken into account for the direct impact estimations only include data from company surveys and completed audits taken while the company was active in the program. Retained jobs are not included in this estimation. Direct State Revenue does not include estimates of corporate business taxes or other direct taxes.*

The direct net revenue above shows that on *average* estimated direct revenues exceeded the estimated costs of the program by over $14 million a year over the last ten years, as the estimated cumulative total of the net direct revenue it generated over this time period is over $145 million (in nominal dollars). This analysis does not include any potential downstream (i.e. indirect and induced) impacts in the economy from the additional spending or jobs created.

ii. Recommendation

Going forward, DECD will use JobsCT as its primary incentive tool and minimize the use of MAA. JobsCT is designed to be a simple, transparent, targeted, earn-as-you-grow incentive for businesses to expand and relocate to Connecticut. More information can be found here.

MAA may continue to be used to support large companies that expand or relocate to Connecticut and create new jobs with funding to offset costs.

2) EXP

The goal of the EXP program was to provide the capital necessary to fuel small business growth. The 1,915 companies funded through the EXP program have committed to create 7,715 jobs and retain an existing 20,540 jobs. (Please note these job numbers have been adjusted for duplication across contracts and programs.)

Table 34: EXP Financial Assistance per Job to be Created or Retained Based on Contractual Requirements	
Total Assistance	$ 313,763,879
Jobs to be Created & Retained	28,255
Financial Assistance per Job	$ 11,105

Source: DECD
Note: This calculation includes the Active and Inactive EXP portfolios. The inactive portfolio includes EXP projects funded in FY2012 and 2013. This table reflects a company's maximum job obligation and does not reflect actual jobs created or retained. Duplicate jobs to be created/retained have been removed. Duplicates could be caused by a company having multiple EXP contracts or an EXP and MAA contract. If a company has funding from both EXP and MAA the EXP job requirement was reduced to 0 regardless of the timing of the MAA and EXP contracts.

The EXP portfolio delinquency rate is approximately 11.1% based on a total loan portfolio value of over $243,708,000 and 3,204 loans disbursed. The EXP portfolio for the delinquency rate calculation includes Recovery Bridge loans, certain EXP projects funded with MAA funds and may include certain lending partner projects.

i. Estimated Direct Economic Impact of the EXP Program:

The table below shows the estimated direct impact of the EXP program from its inception through FY 2023. The direct jobs are those reported to DECD as newly created jobs while active in the program. This data is obtained through company surveys and audits, and does not include retained jobs and newly created jobs not yet reported to DECD. The direct net state revenue is defined as the difference between the direct revenues generated by the program and its direct costs. The direct impact comes from the jobs and capital expenses created by the recipients of the EXP funds, so the direct revenues under the program are the estimated income taxes and sales taxes generated by each of these respectively. The direct costs are the costs to the state government to fund the program, which is the estimated debt service it pays on the bonds issued to finance EXP grants and loans. These costs are offset by the repayments of loans made by the recipients and any penalties they pay for not meeting the required conditions after receiving the funds. Any loan forgiveness earned is incorporated into the analysis.

Table 35: EXP Estimated Direct Economic Impact FY 2012-2023		
New Jobs Reported – Annual Average Above Baseline		5,234
Average Estimated Direct Net State Revenue	$	9,736,722
Cumulative Estimated Direct Net State Revenue	$	116,840,668

Source: DECD analysis

Note: Direct jobs taken into account for the direct impact estimations only include data from completed audits taken while the company was active in the program. Retained jobs are not included in this estimation. Recovery Bridge Loans are not included in this analysis. Direct State Revenue does not include estimates of corporate business taxes or other direct taxes.

The direct net revenue shows that on average estimated direct revenues exceeded the estimated costs of the program by over $9 million per year over the life of the program to date through FY 2023, and the estimated cumulative total of the net direct revenue it generated is over $119 million. This analysis does not include any potential downstream impacts (i.e. indirect and induced) in the economy from the additional spending or jobs created.

ii. Recommendation

DECD has transitioned out of the direct lending business and is partnering with the private sector to incentivize increased lending to small businesses particularly in undercapitalized and under-resourced communities via the Connecticut Small Business Boost Fund. The Boost Fund officially launched in FY 2023 and more information can be found in the following section of this report.

3) Other Funding Sources

DECD has one project that received direct financial assistance from a program other than MAA or EXP: Lockheed Martin. The Financial Assistance per job is reported in the tax credit section of this report.

E. Other Business Support Programs Administered in FY 2023

1) Connecticut Small Business Boost Fund

In FY 2023 DECD launched the Connecticut Small Business Boost Fund.

Table 36: Boost Program Activity as of June 30, 2023			
	Companies Assisted	Value of Loans Funded	Jobs at Application
Loan Program	289	$ 37,571,950	1,905
Technical Assistance Program	266	N/A	842

Source: GrowAmerica
Note: Companies assisted and jobs at application have been reduced to remove duplication from within the loan program. There may be duplication between the loan program and technical assistance program.

The table below shows the general categories of such businesses assisted:

Table 37: Boost Program Industry Composition			
Industry	Number of Loan Portfolio Companies	Loan Portfolio Value	Number of Technical Assistance Portfolio Companies
Accommodation & Food Service	12	$ 1,168,063	22
Agriculture	2	$ 100,000	3
Business Services	30	$ 6,563,000	14
Construction	24	$ 3,176,320	41
Dentists/Physicians	2	$ 175,000	1
Educational Services	8	$ 1,051,846	13
Finance & Insurance	11	$ 794,500	3
Gas Stations & Convenience Stores	2	$ 76,806	0
Healthcare & Social Assistance	16	$ 2,627,130	13
Hotels	1	$ 185,000	0
Information Technology	6	$ 897,011	5
Landlord	1	$ 12,000	1
Manufacturing	31	$ 6,657,358	9
Other	43	$ 4,100,858	36
Professional Services	27	$ 1,996,915	17
Real Estate	5	$ 451,000	4
Restaurant	19	$ 2,622,320	10
Retail	23	$ 2,465,320	33
Utilities	0	$ 0	1
Transportation & Warehousing	19	$ 1,565,612	31
Waste Management	2	$ 135,000	3
Wholesale Trade	5	$ 750,891	6
TOTALS	**289**	**$ 37,571,950**	**266**

Source: GrowAmerica

The Boost program does not have contractual job creation or retention requirements. Going forward there will be an annual survey of Boost loan recipients to collect updated jobs data. DECD anticipates using this data to conduct an economic impact analysis in future annual reports. The default rate of the boost program is 4.6%. At this time, it appears that the fund will revolve funds and continue lending after the initial state funds are disbursed and the program will become self-sustainable. DECD recommends this program continue until there is enough data available to measure its impact.

2) **Recovery Bridge Loan**
In response to the COVID-19 pandemic, DECD administered the Recovery Bridge Loan Program out of available EXP appropriations. The goal of the Bridge Loan Program was to provide emergency cash flow relief to small businesses and nonprofits with 100 or fewer employees who were negatively impacted by the coronavirus. DECD entered into 2,122 contracts for interest free loans totaling $41,833,220. Recipients do not have a job creation or retention requirement. As of June 30, 2023, $37,956,848 was repaid. This was a short-term crisis response and will not be continued.

3) **COVID Hospitality Support Grant**
DECD and DRS partnered to administer the Hospitality Support Grant program. Grants between $7,500 and $49,999 were provided directly to businesses in the hospitality sector hardest hit by the pandemic. DECD and DRS issued $28,397,644 to 1,732 eligible businesses. Additional payments under this program will be made in FY 2024.

4) **Manufacturing Innovation Fund**
The Manufacturing Innovation Fund (MIF) was created to support the growth, innovation, and progress of Connecticut's advanced manufacturing sector. The MIF programs are centered on four principles: accelerate growth, cultivate talent, develop talent, and facilitate innovation.

According to the 2023 MIF Annual Report, as of June 30, 2023, the MIF has assisted approximately 3,075 companies and invested approximately $95 million to help accelerate growth, cultivate talent, and boost investments in innovation. The MIF is administered by DECD, the agenda and programming developed through the advice and counsel of a 10-member advisory board made up of senior leaders from the manufacturing industry. The Board's 2023 Annual Report can be found here.

DECD recommends the continuation of this program. It has yielded positive benefits for Connecticut's manufacturing industry.

5) **Minority Business Revolving Loan Fund**

Financial assistance under this program is in the form of loans targeting minority businesses, HEDCO, Inc. was chosen to administer the program.

Table 38: MBI Revolving Loan Fund Program Activity as of June 30, 2023				
MBRLF Program	**Amount Allocated**	**Amount Disbursed**	**# of Loans**	**Funds Available**
HEDCO/SAMA Covid 19	$ 5,000,000	$ 5,000,000	486	$ 0.00
HEDCO/SAMA Small Business Support	$ 3,000,000	$ 2,976,680	323	$ 23,320
HEDCO/SHEBA	$ 3,000,000	$ 135,250	3	$ 2,864,750
NHPLP (New Haven)	$ 275,040	$ 275,040	31	$ 0.00
MBRLF	$ 9,121,700	$ 9,121,700	117	$ 0.00
TOTAL	**$ 20,396,740**	**$17,508,670**	**960**	**$ 2,888,070**

Source: HEDCO

Note: Includes New Haven Partnership Lending Program recipients which were partially funded with MBRLF dollars.

This program has been critical to supporting woman and minority-owned businesses. DECD recommends the continuation of this program.

6) **International Trade and Foreign Direct Investment**

The role of the International and Domestic Business Development Team is to facilitate commercial, international, and out-of-state activities in Connecticut and to support protocol duties for members of the international diplomatic corps and foreign delegations visiting Connecticut in conjunction with the state's economic development objectives.

Accomplishments during FY 2023 include:

- Governor Lamont's mission to the Paris Air Show in addition to Connecticut's presence and participation at the 2023 SelectUSA Summit, and 2023 Medica Trade Show.
- DECD was awarded and administered $200,000 in Federal FY 2022-2023 State Trade and Export Promotion (STEP) grant funds from the U.S. Small Business Administration. The purpose of the grant is to increase the number of small businesses that export, increase the value of exports for current small business exporters, and increase significant new trade opportunities for small businesses. STEP assisted 44 eligible small businesses with various export activities, including foreign, domestic, and virtual trade shows; U.S. Department of Commerce services; website translation, design of international marketing media, and export training.
- DECD also served on committees and boards of various internationally-oriented organizations, including the Eastern Trade Council (ETC), State International Development Organizations (SIDO), and MetroHartford Alliance's Global Business Committee.
- In FY 2023, DECD interfaced with several foreign delegations, including Taiwan, Japan, Norway, Hungary, and the U.K.

7) **Airport Development Zones**

Claims data from companies located in Airport Development Zones (ADZ) is included in the Enterprise Zone data provided to DECD by OPM, and therefore are incorporated into the Enterprise Zone economic impact analysis in the tax credit section of this report.

Two companies certified by DECD in Program Year 2022 applied for their first airport development zone benefits in 2023. The costs and benefits below are estimates based on data from OPM and information provided to DECD by the companies during their certification process (actual expenses may differ from projections provided to DECD). The companies are both in the Oxford ADZ.

Table 39: New Applications for ADZ Benefits in 2023

	Amount
Market Value of Real Estate Additions to Grand List	$ 1,558,714
Market Value of Personal Property Additions to Grand List	$ 155,150
Total Abatement to Companies in 2023	$ 23,524
Estimated Sales Tax on Personal Property and Construction Materials	$ 12,623
Estimated Real Estate Conveyance Tax on Real Estate Acquisition	$ 14,496
Total Estimated Revenue to State	$ 27,119
Assumed State Reimbursement (50% of Abatement)	$ 11,762
Net Revenue to State	**$ 15,358**

Source: DECD, OPM

DECD does not have any recommended changes to the existing Airport Development zones.

8) **Qualified Opportunity Zones**

Qualified Opportunity Zones ("OZ") were established by the 2017 Federal Tax Cuts and Jobs Act to spur long-term private sector investments in low-income communities nationwide. The OZ program offers significant tax incentives to investors who realize capital gains and subsequently reinvest those capital gains into OZs through a Qualified Opportunity Fund ("Fund"). Connecticut has 72 OZs approved by the U.S. Treasury. DECD provides an advisory role for community leaders, investors and developers who are interested in the program. To learn more about the OZ program, please click here.

9) **Small Business Support Grant Program**

In FY 2023, DECD began administering the $46.6 million Small Business Support Grant Program to expand small business assistance programs across Connecticut. Grants were provided to local nonprofit economic development organizations that provide a wide array of assistance to support the formation, growth, and innovation of small businesses.

Table 40: Small Business Support Grant Program Recipients

Recipient	Operating Expense Award	Business Grant Award	Grants Issued as of June 30, 2023
Black Business Alliance	$ 1,700,000	$ 1,000,000	$ -
Community Foundation for Greater New Haven	$ 2,300,000	$ 4,900,000	$ 650,000
Girls for Technology	$ 5,000,000	$ 0	$ -
HEDCO/SAMA	$ 3,700,000	$ 4,000,000	$ -
Middlesex County Revitalization Commission	$ 500,000	$ 1,000,000	$ -
Minority Construction Council	$ 1,000,000	$ 0	$ -
Realist Lab	$ 4,000,000	$ 1,000,000	$ 40,500
Reset/First Night	$ 2,000,000	$ 170,000	$ -
Southeastern CT Enterprise Region	$ 1,000,000	$ 3,500,000	$ 202,792
Women's Business Development Council	$ 3,800,000	$ 6,000,000	$ 499,797
TOTAL	**$ 25,000,000**	**$ 21,570,000**	**$ 1,393,089**

Source: DECD

This program is new, and activity has just begun. DECD recommends that this program continue.

10) **Tech Talent Fund**

DECD, in consultation with the Technology Talent Advisory Committee, administers the Tech Talent Fund, a resource for both workers and employers to ensure Connecticut has the workforce talent needed to fuel growth in its tech sectors. After issuing a comprehensive report on strategies to address the issue in December 2016, DECD began making a series of strategic investments.

Table 41: Tech Talent Fund Activity as of 6/30/2023

Recipient	Contract Amount
Connecticut Innovations	$ 500,000
Tech Talent South, LLC	$ 1,250,000
District Arts & Education, Inc.	$ 2,800,000
General Assembly Space, Inc.	$ 1,250,000
SkillUp CT	$ 352,000
180 Skills	$ 422,200
Capital Workforce Partners	$ 1,383,136
New England Board of Higher Education	$ 1,045,880
Capital Workforce Partners	$ 1,660,385

Source: DECD

DECD recommends the administration of the Tech Talent Fund be transferred to the Office of Workforce Strategy, which did not exist when this program was enacted.

11) Programs Administered by Connecticut Innovations

In accordance with CGS Sec. 32-47a, CI is required to submit an annual report to the state legislature. CI's 2023 annual report can be found here. Additionally, in 2021, CI commissioned an independent economic impact analysis of their programs. The results of that report can be found here. It is important to note that CI and DECD fund some of the same companies. Combining CI's and DECD's numbers would likely lead to double counting in certain categories such as number of recipients, leveraged dollars, jobs to be created or retained and economic impact.

CI's jobs report to the CT legislature reported 2,248 direct jobs in 202 venture companies in FY 2023. The estimated fiscal impact of CI's FY 2023 programs, based on the most recent ROI estimates available from the 2021 economic impact analysis linked above, are in the table below.

Table 42: CI Programs' Estimated Fiscal Returns FY 2023

CI Program	State and Local ROI* per $1 invested	Deals Closed in FY 2023	Impact on State and Local Revenues
Venture Program	$ 1.65	$ 33,326,930	$ 54,989,435
Loan Program	$ 0.61	$ 3,111,000	$ 1,897,710
Sales and Use Tax Exemption Program	$ 0.08	$ 750,000	$ 60,000
Innovation Program (CBIF)	$ 0.04	$ 8,154,665	$ 326,187
Total CI Program Investments	$ 1.26	$ 45,342,595	$ 57,273,331

Source: CT Innovations. ROI estimates from 2021 TEConomy report based on data for the year ending June 30, 2020.

DECD recommends that the State continues to invest in CI programs. CI's next independent economic impact analysis will be released in FY 2024 and the results will be reported in DECD's FY 2024 Annual Report.

DECD has not conducted an audit, review or compilation of the reports linked in this section.

F. Office of the Permit Ombudsman

The Office of the Permit Ombudsman was created within DECD to expedite regulatory state agency approvals for qualified economic development projects that need environmental, public health, and transportation permits. The Permit Ombudsman (PO) acts as a facilitator between state regulatory agencies and businesses to fast-track projects through regulatory approvals and to resolve permitting issues.

During FY 2023 the Permit Ombudsman (PO) highlighted activities include:

- The PO has been working very closely with the Department of Energy and Environmental Protection’s (DEEP) Client Concierge Team to facilitate communications and responsiveness between DECD and its clients with priority development projects. There are ongoing bi-weekly scheduled meetings between the agencies to discuss any new and existing projects that have been tracked by both departments.
- The PO responded to inquiries for businesses and companies seeking to understand State applicable regulatory framework and permitting processes.
- The PO helped with setting up pre-application meetings with the regulatory agencies for business seeking expansion or relocation in the state to map out the process and timeline for obtaining critical permits and approvals.
- The PO in collaboration with DEEP and DOT has been working with Amazon on coordinating permitting activities for all the current and proposed facilities in the state. Meetings take place once per month.
- The PO served as a member for the State Data Advisory Committee. As the result of this joint effort, the Environmental Justice Screening and Mapping tool was released in August 2023.

Table 43: FY 2023 Permits Ombudsman Activity						
Municipality	**Applicant's Name/ Business Type**	**Date of Request**	**Reasons for Eligibility**	**Participating Agencies/ Division Involved**	**Type of Permit**	**Date(s) for granting/ denying the permit(s)**
Ansonia	301-317 Main Street Redevelopment	06/14/23	TOD and Opportunity Zones	DECD	Assisted in identifying permits and approvals; OSTA permit	The permit hasn't been submitted yet.
Windsor	Amazon Last Mile	N/A	Economic Development	DEEP, DOT	NDDB, OSTA, SW	All permits issued; Ground breaking May 2023
Plymouth	568 Main Street, US Route 6	04/17/23	Economic Development	DOT	OSTA approvals	Determination made that the conceptual development would not be subject to review and approval under Sec. 14-311 of the CGS
Stratford	Amazon Last mile	09/19/22	Economic Development	DEEP, DOT	DEEP all permits including discharge, OSTA approvals	Amazon made decision not to pursue with this location
Killingly	Frito Lay	04/19/23	Economic Development	DEEP (Water/Air)	Title V air permit – DEEP	08/19/23; All other permits have been issued in prior fiscal year
Statewide	Phibro-Hardlevel; discussion re Cooking Oil Collection	08/03/22	Economic Development	DEEP, DPH	Assisted in identifying permits and approvals	Applicant decided not to pursue
Windsor	Central New England Railroad and Windsor Sanitation	02/18/23	Economic Development	DOT	OSTA MG	05/23/23
Hartford	Rentschler Field Redevelopment	09/08/22	Economic Development	DEEP	SW Construction GP	Stormwater Construction GP was submitted 11/17/22

Source: DECD, Office of the Permit Ombudsman

G. Office of Brownfield Remediation and Development

A brownfield is any abandoned or underutilized site where redevelopment and reuse has not occurred due to the presence of pollution in the buildings, soil or groundwater that requires remediation before or in conjunction with the restoration, redevelopment, or reuse of the property.

Information on DECD's Brownfield programs can be found here. A listing of DECD's Brownfields program recipients can be found here.

The Office of Brownfield Remediation and Development (OBRD) is a dedicated office within DECD with the primary mission to be a one-stop resource for brownfield development in Connecticut. As such, OBRD coordinates the state's response for brownfield assistance to communities and businesses. Brownfield redevelopment projects are usually long term and have a variety of complicated environmental, legal, and financial obstacles to overcome.

Since FY 2014, DECD has funded 270 brownfield projects spanning over 75 municipalities with approximately $250 million in funding through a mix of loans and grants. This funding has leveraged approximately $3.15 billion in other funds, resulting in a leverage ratio of approximately $12.58 invested by non-DECD partners for every dollar of OBRD funding.

Table 44: Brownfield Funding Activity

	# of Projects	Total DECD Investment	Non- DECD Funds	Leverage Ratio	Impacted Acreage
FY 2023	27	$ 37,546,303	$ 175,271,826	4.67	651.40
Brownfield Portfolio (FY 2014 to FY 2023)	270	$ 250,635,671	$ 3,152,506,672	12.58	3,533.44

Source: DECD/ OBRD

Note: Brownfield Program Activity statistics also include the federal EPA RLF program. The number of projects and acreage columns may have been adjusted to eliminate duplication for sites that have received funding in multiple phases, or under multiple contracts/programs.

OBRD collaborates with state agency partners such as the CT Department of Energy and Environmental Protection, the CT Department of Public Health, federal agency partners such as the Environmental Protection Agency and the regional council of governments to bring back brownfields into economic use.

In this past fiscal year, OBRD conducted two competitive funding rounds under the Brownfield Municipal Grant Program (C.G.S. Sec. 32-763) and the Targeted Brownfield Loan Program (C.G.S. Sec. 32-765). OBRD announced approximately $24.6 million and $23.8 million on December 12, 2022 (Round 16) and June 22, 2023 (Round 17), respectively for grant and loan funding to a total of 41 projects across several municipalities in the state. This assessment and cleanup funding will help remediate and redevelop brownfield sites so they can be put back to productive use. Many of the remediation grant awards are for public-private partnerships that are also leveraging significant private investment in the state.

The table below shows DECD's brownfield funding activity by program.

Table 45: Brownfield Funding Activity by Program				
	FY 2023		Portfolio (FY 2014-2023)	
Program Name	**# of Projects**	**Total DECD Investment**	**# of Projects**	**Total DECD Investment**
Remedial Action and Redevelopment Municipal Grant	19	$ 20,591,953	174	$ 111,699,629
Targeted Brownfield Development Loan	3	$ 4,964,350	47	$ 81,399,351
Brownfield Area-Wide Revitalization Planning Grant	3	$ 490,000	15	$ 2,530,000
State-Owned Brownfield Properties Program	0	$ 0	4	$ 15,885,000
Special Contaminated Property Remediation and Insurance Fund Revolving Loan	0	$ 0	8	$ 995,864
Urban Action Program & Special Act	2	$ 11,500,000	16	$ 32,681,000
U.S. EPA Revolving Loan Fund	0	$ 0	2	$ 1,330,000
MAA	0	$ 0	2	$ 1,884,827
Urban Sites Remedial Action	0	$ 0	2	$ 2,230,000
TOTAL	**27**	**$ 37,546,303**	**270**	**$ 250,635,671**

Source: DECD/ OBRD

*Note: Brownfield Program Activity statistics also include the federal EPA RLF program. *The number of projects and acreage columns may have been adjusted to eliminate duplication of sites that have received funding in multiple phases, or under multiple contracts/programs.*

DECD has several non-funding Brownfield programs. Activity for those programs is below.

Table 46: Non-funding Brownfield Program Activity		
Program	**FY 2023 Approvals**	**FY 2014-2023 Active** Approvals**
Brownfield Remediation and Revitalization (BRRP) Liability Relief Program	10	57
Abandoned Brownfield Cleanup (ABC) Liability Relief Program	12	46
Connecticut Brownfield Land Bank Program – Land Bank Approvals	0	3

Source: DECD

*Note: **Occasionally, the BRRP and ABC approvals are withdrawn due to property transactions not occurring. Therefore, only active approvals for this period have been reported.*

DECD recommends the continuation of the Brownfields programs.

The OBRD also manages the state's Dry Cleaning Establishment Remediation Fund (DCERF), which provides grants to eligible dry cleaning business operators and owners for the assessment, cleanup, containment or mitigation of pollution resulting from releases of chemicals used in dry cleaning. For more information on the program please click here.

The table below outlines the FY 2023 activity for that program.

Table 47: Dry Cleaning Remediation Funds FY 2023 Activity		
Applicant	**Dry Cleaning Establishment/Address**	**Grant Amount**
Bloomfield Plaza, LLC	Beautiful Cleaners (812 Park Ave, Bloomfield, CT)	$ 300,000
TOTAL		$ 300,000

Source: OBRD, DECD

DECD invites businesses on a waiting list to formally apply when funding becomes available. DECD recommends this program continue.

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III. COMMUNITY DEVELOPMENT PROGRAMS

A. Community Development Impact

DECD's broad community development portfolio includes a wide variety of project types including arts and entertainment, economic development planning and technical program support. Community development activities create the environment necessary for sustainable economic growth, stable neighborhoods and healthy communities. Community development activities address the quality-of-life issues that create and reinforce the foundation that effective economic and housing development depend upon for success. DECD recommends the continuation of these programs and supports the ongoing partnership between the department and its community development partners.

B. Office of Community Development

A complete listing of DECD's Community Development recipients can be found here.

DECD's Capital Projects Portfolio includes projects funded through a variety of programs including the Small Town Economic Assistance Program, Urban Action Grant Program and the Connecticut Communities Challenge Program. In FY 2023 the state invested over $117 million into 75 community development projects bringing DECD's portfolio value to almost $576 million.

Table 48: DECD Office of Community Development Activity

	# of Projects	Leverage Ratio	Total Project Cost	State Investment
FY 2023	75	1.04	$ 239,171,261	$ 117,140,257
CD Portfolio	369	.66	$ 956,815,360	$ 575,856,312

Source: DECD

Note: In 2022, Electric Boat's $20 million 2019 infrastructure grant was moved to the Capital Projects Portfolio. No leveraged funds were included since leveraged funds are included in the MAA section of the report.

C. Community Investment Fund (CIF) 2030

The Community Investment Fund 2030 (CIF), authorized in Section 32-285a of the Connecticut General Statutes, was launched in FY 2021-22. CIF fosters economic development in historically underserved communities across the state. CIF will provide a total of up to $875 million over five years to eligible municipalities as well as not-for-profit organizations and community development corporations that operate within them. Municipalities designated in state law as Public Investment Communities or Alliance Districts are eligible.

Grants are available for:

- Capital improvement programs, such as brownfield remediation, affordable housing, infrastructure, clean energy development, and home or public facility rehabilitation
- Small business capital programs, including revolving or microloan programs, gap financing, and startup funds to establish small businesses

The CIF Board of Directors, comprised of members of the executive and legislative branches, reviews applications and make recommendations to the Governor and State Bond Commission. The CIF FY 2023 Annual Report can be found *here*.

D. State Historic Preservation Office (SHPO)

1) Tax Credits

A listing of DECD's SHPO tax credit recipients can be found here.

Under its two tax credit programs, in FY 2023 SHPO issued over $32 million in tax credit vouchers to 159 recipients.

Table 49: FY 2023 SHPO Tax Credit Activity

Tax Credit Program	Number of Vouchers Issued	Voucher Amount
Historic Rehabilitation Tax Credit	26	$ 30,042,953
Historic Homes Rehabilitation	133	$ 2,742,703
TOTAL	**159**	**$ 32,785,656**

Source: DECD

Additionally, SHPO processed 27 new projects under the federal historic rehabilitation tax credit program. For annual reports of the federal historic tax credit program visit the National Park Service's website.

2) Grants

In FY 2023 SHPO granted over $3.3 million in grants to 61 eligible recipients through its various grant programs. A listing of DECD's SHPO grant recipients can be found here.

Table 50: FY 2023 SHPO Grant Activity

Program	Number of Recipients	Grant Amount
Certified Local Government	4	$ 58,000
Historic Restoration Fund	20	$ 2,267,396
Partners In Preservation	2	$ 269,000
Supplemental CLG	3	$ 88,365
Historic Preservation Survey & Planning	32	$ 619,200
TOTAL	**61**	**$ 3,301,961**

Source: DECD

E. Connecticut Office of the Arts (COA)

COA is a division within the Department of Economic and Community Development (DECD) and is recognized as a State Arts Agency (SAA) through our partnership with the National Endowment for the Arts (NEA). COA uses our position to work strategically within the arts community, within and alongside state and local government, and through partnerships with businesses, foundations, artists, municipalities, schools, non-arts nonprofits and more. These partnerships nurture abiding relationships that ensure Connecticut's creative sector thrives. Relevance, Equity, Access, Diversity, and Inclusion (READI) are foundational to COA's work. Part of the work of READI is a commitment to working with partners and constituents to ensure that READI values are crafted with, and meet the needs of, marginalized communities. READI is the foundation to build and sustain a culture where creative voices are valued, empowered and amplified. In FY 23, COA has continued to manage legislatively designated American Rescue Plan funds to both arts and non-arts organizations, distributing over $31 MM in federal funds. In addition, COA partnered with CT Humanities to run the third year of the "Summer at the Museum" grant program to offer free admission for CT children to participating museums to support and encourage family learning. In FY 2023, COA distributed 859 grants totaling over $64 million.

A listing of DECD's Arts grant recipients can be found here.

Table 51: FY 2023 Arts Grant Activity

Program	Number of Recipients	Grant Amount
ARPA Grants	68	$ 30,296,360
2yr Directed Local Funds-Carryforward	61	$ 20,560,686
Directed Local Funds (Arts Line Items)	44	$ 4,227,254
GOS for Small Theaters & Perf. Groups	173	$ 3,000,364
DLF for Children's Museums	9	$ 2,500,000
CT Summer Free Museum (3 for profit museums)	3	$ 1,156,185
Supporting Arts	219	$ 1,014,069
CT Arts Endowment	165	$ 864,233
Strategic Partnership Grant	15	$ 526,737
Designated Regional Service Organizations	7	$ 280,000
Artists Fellowship	69	$ 209,000
Arts Workforce Initiative	14	$ 52,500
Empower	4	$ 46,000
AIR Grant	1	$ 12,150
Elizabeth Mahaffey Arts Administrator Fellowship	4	$ 9,100
Honorary Position Grants (Troubadour and Poet Laureate)	3	$ 7,500
TOTAL	**859**	**$ 64,762,138**

Source: DECD

F. Connecticut Office of Tourism (COT) and Statewide Marketing & Branding

Statewide Marketing and Branding focused on improving Connecticut's recognition as an ideal place to live, work, and play. Primary initiatives included:

- *Make It Here & New Connecticut State Brand:* To transform perceptions of Connecticut, the office underwent an intensive effort to rebrand Connecticut as a dynamic place for residents and businesses. It was launched in October 2023 with a $1 million ad campaign, *Make It Here*, spread across linear TV with both :60 and :30 commercial ads in the Hartford – New Haven and Fairfield County markets, high profile OOH with MetroNorth and Bradley Airport, Digital programmatic billboards in Hartford, Facebook and Instagram. Additional ad placements included OTT streaming, radio, and digital audio services like podcasts and Pandora. Digital ads drove visitors to a splash page, www.CTMakeItHere, that will be integrated with CTforME for a robust experience of what it's like to live, work and play in CT.
- *CTforME:* A website and ad campaign focused on authentic first-person stories from current Connecticut residents and business owners. It represented in-demand industries, top employers, entrepreneurs, young talent groups, and local favorites to eat, see, and do. CTforMe features over 320 Connecticut businesses and organizations through engaging content including first-hand accounts and recommendations, resident/business owner stories, and resource content. Marketing efforts included search, native, and social marketing. The strategy prioritized driving awareness & engagement among key influencer categories – HR and Real Estate Professionals, Associations, etc. The efforts delivered an estimated 6,185,761 impressions and 28,160 social engagements boosting brand awareness and recognition. Additionally, the media campaign drove an estimated 75,108 clicks to the website for consumers to dive deeper into the motivations behind living and working in Connecticut. Efforts are currently under way to restructure this site to appeal to a much wider range and diversity of people who are interested in learning about living, working and playing in Connecticut.

The Economic Impact of Travel in Connecticut report revealed that all business sectors of the Connecticut economy benefit from tourism activity directly and/or indirectly. The report can be found here. The report indicated that tourism:

- Generated $17 billion on economic impact by traveler spending in Connecticut in 2022
- Generated $1.1 billion in state and local tax revenues
- Supported 120,000 jobs

COT marketed Connecticut as a vibrant, dynamic, and youthful place to visit, highlighted by a $5.5 million ad spend of the award winning Find Your Vibe campaign, which was heavy in digital advertising, but also included linear TV, radio, out of home, and OTT. This resulted in a 31% increase in impressions over the prior year. It also helped CTvisit.com earn 7.1 million visits in one year, which placed Connecticut in the top 5 most visited state websites in the nation.

The campaign was heavily focused on marketing on the east coast of the US, as well as direct domestic fly markets like Chicago and Seattle, as well as supporting the direct international flight from Dublin to Hartford on Aer Lingus. Additionally, COT supported the Connecticut Convention and Sports Bureau with a direct campaign to increase RFPs for sporting events and conventions.

IV. EMPLOYMENT INDICATORS AND GROSS STATE PRODUCT (GSP)

A. Industry Employment

The following table provides the Connecticut employment by industry at the two-digit North American Industry Classification System (NAICS) code level. Health Care and Social Assistance is the largest industry in terms of annual average employment which accounted for 16.5% of total employment in 2022, followed by Government sector at 13.1% and Retail Trade industry at 10.2%.

Table 52: Connecticut Employment by Industry, 2022

NAICS Code	Industry	Annual Average Employment	% of Total
11	Agriculture, forestry, fishing and hunting	4,921	0.3%
21	Mining	479	0.0%
22	Utilities	4,942	0.3%
23	Construction	60,913	3.7%
31-33	Manufacturing	156,492	9.5%
42	Wholesale trade	60,149	3.7%
44-45	Retail trade	167,439	10.2%
48-49	Transportation and warehousing	63,959	3.9%
51	Information	31,177	1.9%
52	Finance and insurance	97,076	5.9%
53	Real estate and rental and leasing	19,378	1.2%
54	Professional and technical services	99,153	6.0%
55	Management of companies and enterprises	30,931	1.9%
56	Administrative and waste management	91,428	5.6%
61	Educational services	60,407	3.7%
62	Health care and social assistance	271,776	16.5%
71	Arts, entertainment, and recreation	26,291	1.6%
72	Accommodation and food services	122,128	7.4%
81	Other services, except public administration	53,271	3.2%
99	Non classifiable establishments	4,544	0.3%
	Government	215,804	13.1%
	Statewide total	**1,642,657**	**100.0%**

Source: Connecticut Department of Labor, Labor Market Information, 2022 QCEW Program Data
Note: Numbers may not total due to rounding.

B. Unemployment Rate

According to the U.S. Bureau of Labor Statistics, the United States had an average unemployment rate of 3.6% and Connecticut had an average unemployment rate of 3.7% in 2023.

C. Gross State Product (GSP) by Industry

In 2022, the Real Estate, Rental and Leasing accounted for 13.4% of the state's economy, followed by Finance and Insurance industry with 13.3% and Manufacturing with 11.8%. Government, and the Health Care and Social Assistance sectors rounded the top five with 9.1% and 8.3%, respectively.

Table 53: 2022 Connecticut GSP by Industry (millions of current $)

	Industry	GSP	% of Total
11	Agriculture, forestry, fishing and hunting	$ 558	0.2%
21	Mining, quarrying, and oil and gas extraction	$ 152	0.0%
22	Utilities	$ 5,231	1.6%
23	Construction	$ 8,576	2.7%
31-33	Manufacturing	$ 37,656	11.8%
42	Wholesale trade	$ 18,005	5.6%
44-45	Retail trade	$ 18,660	5.8%
48-49	Transportation and warehousing	$ 7,587	2.4%
51	Information	$ 17,883	5.6%
52	Finance and insurance	$ 42,343	13.3%
53	Real estate and rental and leasing	$ 42,795	13.4%
54	Professional, scientific, and technical services	$ 22,798	7.1%
55	Management of companies and enterprises	$ 7,046	2.2%
56	Administrative and support and waste management and remediation services	$ 9,290	2.9%
61	Educational services	$ 7,587	2.4%
62	Health care and social assistance	$ 26,366	8.3%
71	Arts, entertainment, and recreation	$ 3,465	1.1%
72	Accommodation and food services	$ 7,961	2.5%
81	Other services (except government and government enterprises)	$ 6,224	1.9%
99	Government and government enterprises	$ 29,162	9.1%
	TOTAL	**$ 319,345**	**100.0%**

Source: U.S. Bureau of Economic Analysis
Note: In millions of current dollars. Numbers may not total due to rounding.

V. APPENDIX

A. The REMI Model

The Connecticut REMI Tax-PI model is a dynamic, multi-sector, regional economic model developed and maintained for the Department of Economic and Community Development by Regional Economic Models, Inc. of Amherst, Massachusetts. The REMI model includes the major inter-industry linkages among 466 private industries, aggregated into 67 major industrial sectors. With the addition of farming and three public sectors (state and local government, civilian federal government, and military), there are 70 sectors represented in the model for the state of Connecticut.

The REMI model is based on a national *input-output* (I/O) model that the U.S. Department of Commerce (DoC) developed and continues to maintain. Modern input-output models are largely the result of groundbreaking research by Nobel laureate Wassily Leontief. Such models focus on the inter-relationships between industries and provide information about how changes in specific variables—whether economic variables such as employment or prices in a certain industry or other variables like population affect factor markets, intermediate goods production, and final goods production and consumption.

The REMI Connecticut model takes the U.S. I/O “table” results and scales them according to traditional regional relationships and current conditions, allowing the relationships to adapt at reasonable rates to changing conditions. Listed below are some salient structural characteristics of the REMI model:

- REMI determines consumption on an industry-by-industry basis, and models real disposable income in Keynesian fashion, that is, with prices fixed in the short run and GDP (Gross Domestic Product) determined solely by aggregate demand.
- The demand for labor, capital, fuel, and intermediate inputs per unit of output depends on relative prices of inputs. Changes in relative prices cause producers to substitute cheaper inputs for relatively more expensive inputs.
- Supply of and demand for labor in a sector determine the wage level, and these characteristics are factored by regional differences. The supply of labor depends on the size of the population and the size of the workforce.
- Migration—that affects population size—depends on real after-tax wages as well as employment opportunities and amenity value in a region relative to other areas.
- Wages and other measures of prices and productivity determine the cost of doing business. Changes in the cost of doing business will affect profits and/or prices in a given industry. When the change in the cost of doing business is specific to a region, the share of the local and U.S. market supplied by local firms is also affected. Market shares and demand determine local output.
- “Imports” and “exports” between states are related to relative prices and relative production costs.

- Property income depends only on population and its distribution adjusted for traditional regional differences, *not* on market conditions or building rates relative to business activity.
- Estimates of transfer payments depend on unemployment details of the previous period, and total government expenditures are proportional to population size.
- Federal military and civilian employment is exogenous and maintained at a *fixed* share of the corresponding total U.S. values, unless specifically altered in the analysis.

Because each variable in the REMI model is related, a change in one variable affects many others. For example, if wages in a certain sector rise, the relative prices of inputs change and may cause the producer to substitute capital for labor. This changes demand for inputs, which affects employment, wages, and other variables in those industries. Changes in employment and wages affect migration and the population level that in turn affect other employment variables. Such chain-reactions continue in time across all sectors in the model. Depending on the analysis performed, the nature of the chain of events cascading through the model economy can be as informative for the policymaker as the final aggregate results. Because REMI generates extensive sectoral detail, it is possible for experienced economists in this field to discern the dominant causal linkages involved in the results.

The REMI model is a structural model, meaning that it clearly includes cause-and-effect relationships. The model shares two key underlying assumptions with mainstream economic theory: *households maximize utility* and *producers maximize profits*. In the model, businesses produce goods to sell to other firms, consumers, investors, governments and purchasers outside the region. The output is produced using labor, capital, fuel and intermediate inputs. The demand for labor, capital and fuel per unit output depends on their relative costs, because an increase in the price of one of these inputs leads to substitution away from that input to other inputs. The supply of labor in the model depends on the number of people in the population and the proportion of those people who participate in the labor force. Economic migration affects population size and its growth rate. People move into an area if the real after-tax wage rates or the likelihood of being employed increases in a region.

Supply of and demand for labor in the model determine the real wage rate. These wage rates, along with other prices and productivity, determine the cost of doing business for each industry in the model. An increase in the cost of doing business causes either an increase in price or a cut in profits, depending on the market supplied by local firms. This market share combined with the demand described above determines the amount of local output. The model has many other feedbacks. For example, changes in wages and employment impact income and consumption, while economic expansion changes investment and population growth impacts government spending.

In order to understand how the model works, it is critical to know how the key variables in the model interact with one another and how policy changes are introduced into the model. To introduce a policy change, one begins by formulating a policy question. Next, select a baseline forecast that uses the baseline assumptions about the external policy variables and then generate an alternative forecast using an external variable set that includes changes in the external values, which are affected by the policy issue.

Figure B2 shows how this process would work for a policy change called Policy X. In order to understand the major elements in the model and their interactions, subsequent sections examine the various blocks and their important variable types, along with their relationships to each other and to other variables in the other blocks. The only variables discussed are those that interact with each other in the model. Variables determined outside of the model include:

- Variables determined in the U.S. and world economy (e.g., demand for computers)
- Variables that may change and affect the local area, but over which the local area has no control (e.g., an increase in international migration)
- Variables that are under control of local policy (e.g., local tax rates)

For simplicity, the last two categories are called policy variables. Changes in these variables are automatically entered directly into the appropriate place in the model structure. Therefore, the diagram showing the model structure also serves as a guide to the organization of the policy variables (see Figure B3).

Figure 1

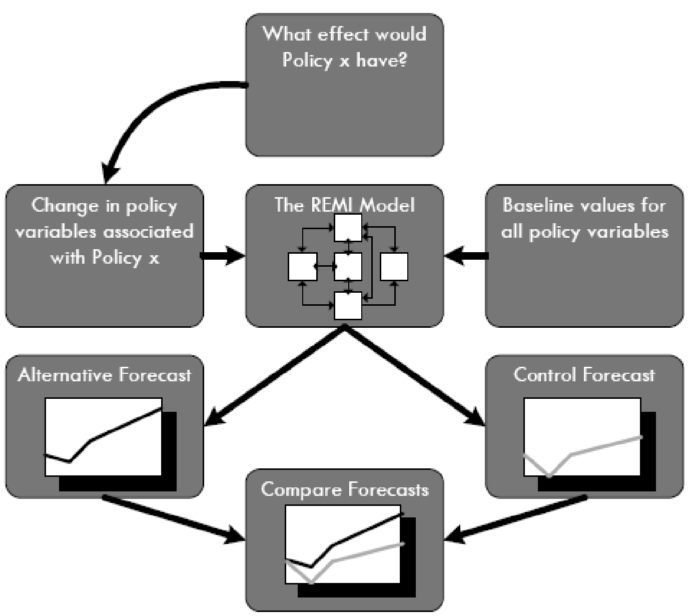
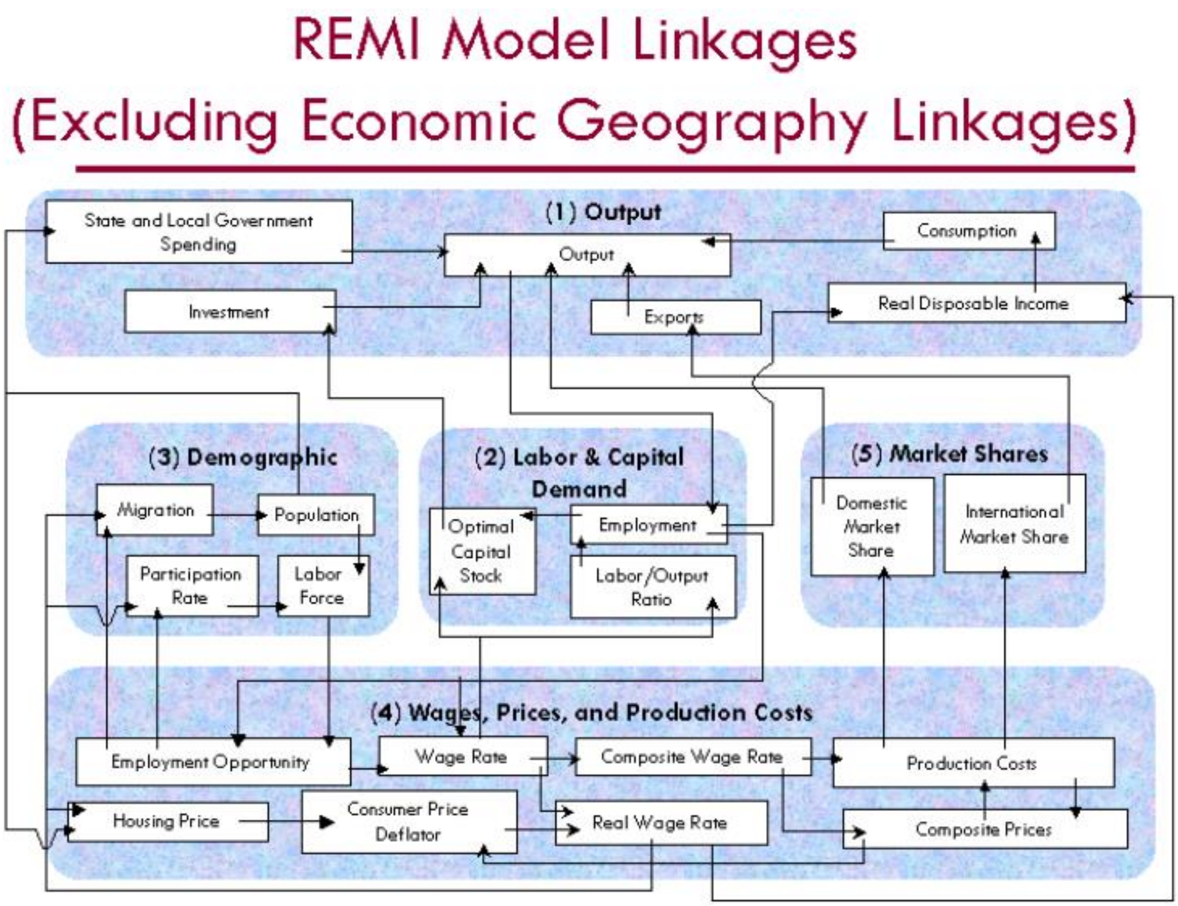


Figure 2


REMI Model Linkages
(Excluding Economic Geography Linkages)
(1) Output
State and Local Government Spending
Output
Consumption
Investment
Exports
Real Disposable Income
(3) Demographic
Migration
Population
Participation Rate
Labor Force
(2) Labor & Capital Demand
Optimal Capital Stock
Employment
Labor/Output Ratio
(5) Market Shares
Domestic Market Share
International Market Share
(4) Wages, Prices, and Production Costs
Employment Opportunity
Wage Rate
Composite Wage Rate
Production Costs
Housing Price
Consumer Price Deflator
Real Wage Rate
Composite Prices