# 2024 ANNUAL REPORT


CONNECTICUT

Economic & Community Development

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## BUSINESS ASSISTANCE TAX CREDITS

### A. DECD 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 and fiscal 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 them. 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 occurs 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 Fiscal Year (FY) 2017, DECD and Lockheed Martin Corporation entered 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.

Based on the maximum contracted employment under Contract 1 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 |
| Jobs to be created and retained | 8,582 |
| Total Assistance per Job | $25,635 |

*Source: DECD*

#### (2) Contract 2

In FY 2023, DECD and Lockheed Martin Corporation entered 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, 2024, Lockheed Martin is not eligible for these tax benefits.

### ii. Program Activity

#### (1) Contract 1

As of June 30, 2024, Lockheed Martin earned an offset of $34,284,000 in sales and use taxes and obtained $46,882,141 in grant funding. The table below shows the estimated state tax revenues from Lockheed Martin in FY 2019 through FY 2024, based on data reported by the company.

| Table 2: Net Direct Economic Impact of Lockheed Martin FY 2019 - FY2024 | |
|---|---|
| New Jobs Reported | 773 |
| Estimated Income Taxes from New Jobs | $47,434,788 |
| Estimated Sales Taxes from Capital Expenses | $33,870,155 |
| Estimated Direct Total State Revenue | $81,304,943 |
| Incentive Cost to State* | $43,455,399 |
| Net Direct State Revenue | $37,849,544 |

*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, 2024, Lockheed Martin is not eligible to earn these benefits.

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

### ii. Program Activity

As of FY 2024, DECD approved two applications.

| Table 3: Stranded Tax Credit Activity as of June 30, 2024 | | | | |
|---|---|---|---|---|
| **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 | $7,600,000 | In process |
| **Total** | | $20,000,000 | $13,600,000 | |

*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 are shown below.

| Table 5: ASML Sales and Use Tax Offset State Revenue To-Date and Projection | | |
|---|---|---|
| | **Revenue Totals To-Date 2018-2024 (Nominal $)** | **10-Year Projected Totals (Nominal $)** |
| Tax Credits Earned | $6,000,000 | |
| Estimated Income Taxes - Direct | $19,881,883 | $29,290,786 |
| Estimated Sales Taxes - Direct | $1,840,205 | $1,840,205 |
| Total Estimated State Revenue - Direct | $21,722,089 | $31,130,991 |

*Source: DECD Analysis*

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

Boehringer has received $7.6 million in credits through FY 2024. The estimated revenues generated to date and the 10-year projection assuming current employment levels are shown below.

| Table 6: Boehringer Sales and Use Tax Offset State Revenue Projection | | |
|---|---|---|
| | **5-Year Totals (Nominal $)** | **10-Year Totals (Nominal $)** |
| Tax Credits Earned | $7,600,000 | |
| Estimated Income Taxes - Direct | $5,906,429 | $9,499,034 |
| Estimated Sales Taxes - Direct | $9,463,837 | $9,463,837 |
| Total Estimated State Revenue - Direct | $15,370,266 | $18,962,871 |

*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. If a project exceeds $20 million, 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 earn. Credits for which certificates were issued to companies by DECD from FY 2015 through FY 2024 are listed under "credits earned."

| Table 7: Urban and Industrial Site Reinvestment Tax Credits, FY 2015-FY 2024 | | | | |
|---|---|---|---|---|
| **Applicant** | **Town** | **Contract Fiscal Year** | **Total Credits Allocated** | **Total Credits Earned** |
| 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 | $8,000,000 |
| 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 | $16,000,000 |
| Linde, Inc. f/k/a Praxair, Inc. | Danbury | 2016 | $16,000,000 | $6,400,000 |
| Bob's Discount Furniture | Manchester | 2017 | $11,000,000 | $3,546,267 |
| Partner Reinsurance Company | Greenwich | 2017 | $1,437,492 | $521,547 |
| 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 | $3,000,000 |
| 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 | |
| World Wrestling Entertainment | Stamford | 2019 | $8,500,000 | |
| Amazon.com Services LLC | North Haven | 2021 | $15,000,000 | $4,500,000 |
| Americold Logistics LLC | Plainville | 2021 | $3,000,000 | |
| Nordson Corporation | Norwich | 2021 | $900,000 | |
| 101 College Street, LLC | New Haven | 2021 | $18,500,000 | |
| Home Market Foods, Inc. | South Windsor | 2024 | $4,000,000 | |
| **TOTAL** | | | **$ 220,592,676** | **$90,264,436** |

*Source: DECD*

*Note: The tax credit awards may have been reduced to account for reallocated funds. Companies that left the program without receiving an 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 taxes exemption program administered by Connecticut Innovations; these amounts were deducted from the sales tax estimates.

| **Table 8: Net Direct Fiscal Impact of URA Program in Nominal Dollars FY 2015-FY 2024** | |
|---|---|
| | **URA Direct Impact** |
| New Jobs Reported – Annual Average Above Baseline* | 3,735 |
| Estimated Cumulative Direct State Revenue | $275,398,379 |
| Cumulative Direct State Costs (Tax Credits) | $90,264,436 |
| Estimated Cumulative Net Direct Revenue | $185,133,943 |

*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 | $220,592,676 |
| Jobs to be Created or Retained | 20,066 |
| Tax Credits Allocated per job | $10,993 |

*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 to the state. 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 tax rebate program. Under this program, eligible employers can earn a 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 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. DECD anticipates the first credits for eligible JobsCT companies will be issued in FY 2025, which will be the first year rebates may be earned. As of June 30, 2024, no rebates have been issued.

**Table 10: JobsCT as of FY 2024**

| Applicant | Town | Contract Fiscal Year | Total Rebates 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 |
| Talcott Resolution Life, Inc. | Hartford | 2024 | $1,161,777 |
| WaveAerospace, Inc. | Stratford | 2024 | $853,884 |
| Fuss & O'Neill, Inc. | Hartford | 2024 | $1,142,489 |
| TTM Technologies North America, LLC | Stafford | 2024 | $867,155 |
| **TOTAL** | | | **$6,668,765** |

*Source: DECD*

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

| Table 11: Tax Credits Allocated per Job to be Created and Retained Based on Maximum Contractual Job Targets | |
|---|---|
| Tax Credits Allocated | $6,668,765 |
| Maximum jobs credited and retained | 2,463 |
| Tax Credits Allocated per job | $2,708 |

*Source: DECD*

**iii. Estimated Direct Economic Impact**

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

**iv. Recommendation**

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

### 5. Data Center Tax Incentive Program

**i. Program Description**

To support the growth of digital infrastructure, 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 qualifying 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 five (5) years from the execution of the financial assistance agreement. If an applicant exceeds $400 million of qualified expenditures within five (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 in CGS Sec. 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 as of FY 2024 | | |
|---|---|---|
| **Applicant** | **Town** | **Projected Minimum Investment** |
| Cigna Corporation | Windsor | $386,000,000 |

*Source: DECD, Cigna*

### iii. Estimated Direct Economic Impact

The company reported qualified investments of $272,207,464 in calendar year 2023. DECD will monitor and evaluate the effectiveness of the program as companies provide data on exemptions. Please note there are no contractual job creation or retention requirements for this program so cost per job created will not be included.

### iv. Recommendation

DECD recommends this program continue, with consideration for the impact data centers may have on the regional electric grid. 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 eligible companies with three tax incentive programs based on qualified in-state expenditures. Film tax credit recipients can be found here.

During FY 2024, over $171 million in tax credits were issued for $570.8 million spent in Connecticut by qualified productions (the productions mostly occurred prior to FY 2024).

| Table 13: DECD FY 2024 Film Tax Credit Activity | | | |
|---|---|---|---|
| **Tax Credit Program** | **Company Spend** | **Tax Credits Issued** | **Number of Credits** |
| Film, Television & Digital Media | $570,819,482 | $171,170,007 | 42 |
| Digital Animation Production Company | $ 0 | $ 0 | 0 |
| Film Infrastructure | $ 0 | $ 0 | 0 |
| **TOTAL** | **$570,819,482** | **$171,170,007** | **42** |

*Source: DECD*

**ii. Estimated Economic and Fiscal Impacts**

Since 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 Public Act 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.

**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 2024 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 over $5 of new economic activity ("output") in the economy per $1 of tax credit awarded in FY 2024.

**Table 14: Estimated Total Economic Impact of the Film & Digital Media Production Tax Credit FY 2024**

| | FY 2024 | Per $1 of credit |
|---|---|---|
| **Inputs** | | |
| Eligible Production Spending | $570,819,482 | |
| Total Credits Issued | $171,170,007 | |
| **Results** | | |
| Estimated New Employment | 3,820 | |
| Estimated New Gross Domestic Product (GDP) | $487,486,000 | $2.85 |
| Estimated New Output (Total Sales) | $900,524,000 | $5.26 |

*Source: DECD*

**b. Estimated Fiscal Impact**

DECD utilizes industry employment data 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 was 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 & Digital Media Production Tax Credit using 50% of these industries' jobs in the state. This is the midpoint 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 2024. The data shows an average of 9,673 jobs in the two industries in FY 2024, so 50% of those jobs (4,836) are used for the estimates below.

The estimated impact below is for credits issued in FY 2024.

| Table 15: Estimated Total Fiscal Impact of the Film & Digital Media Production Tax Credit FY 2024 | | |
|---|---|---|
| | **FY 2024** | **Per $1 of credit** |
| **Inputs** | | |
| 50% of Industry Jobs | 4,836 | |
| Total Credits Issued | $171,170,007 | |
| **Results** | | |
| Estimated State Revenues | $16,896,000 | $0.10 |
| Estimated State Expenditures | $26,503,000 | |
| Estimated Net State Revenue | -$9,607,000 | |

*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 $16.9 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 negative net figure above is an anomaly when compared to previous years' analyses, which returned a positive net value to the state. The reason is that film tax credits issued spiked in FY 2024 due to a few large claims that were filed together; as is usually the case, the productions took place a few years prior. Occasional spikes in claims issued can result in a negative fiscal impact when analyzed within a one-year timeframe.

Because of the uneven nature of claims filings, we include a five-year average analysis which smooths out the fluctuations in annual claims and gives a broader picture of the economic and fiscal impact of the credit. As above, we use an expenditure approach to evaluate the economic impact and 50% of the industry workforce to estimate a conservative fiscal impact. The inputs for the economic impact analysis are the five-year average

values of claims and productions, and for the fiscal impact, 50% of the five-year average of industry employment.
The table below shows the economic impact evaluated using the most recent five years' average of eligible expenditures and credits issued. This scenario shows when using an average to account for wide fluctuations in credits issued that can occur from year to year (due to the timing of companies' applications), we get the more typical result of over $3 in GDP and $5 in total output (sales) per dollar of tax credit issued.

| **Table 16: Estimated Total Economic Impact of the Film & Digital Media Production Tax Credit<br>Average FY 2020-FY 2024** | | |
|---|---|---|
| | **5-Yr Average** | **Per $1 of credit** |
| **Inputs** | | |
| Eligible Production Spending | $441,062,966 | |
| Total Credits Issued | $132,197,571 | |
| **Results** | | |
| Estimated New Employment | 3,190 | |
| Estimated New Gross Domestic Product (GDP) | $403,407,500 | $3.05 |
| Estimated New Output (Total Sales) | $740,887,100 | $5.60 |

*Source: DECD*

Employee headcount data used for the estimates below are monthly state industry data reported by the Bureau of Labor Statistics (BLS) for FY 2020 through FY 2024. The data shows an average of 9,914 jobs in the two industries over the five years, so 50% of those jobs (4,957) are used to estimate the fiscal impact below.

The table below shows the fiscal impact when evaluated using a conservative 50% of the most recent five years' average of industry employment, and average credits issued over the five years. This scenario shows that when using average credits issued to adjust for wide fluctuations that can occur from year to year (due to the timing of companies' applications) against the more stable average employment in the industry sector, we get a positive net fiscal impact to the state.

The estimated state revenues below incorporate the loss of state revenues equivalent to the amount of the tax credit issued.

| **Table 17: Estimated Total Fiscal Impact of the Film & Digital Media Production Tax Credit Average FY 2020-FY 2024** | | |
|---|---|---|
| | **5-Yr Average** | **Per $1 of credit** |
| **Inputs** | | |
| 50% of Industry Jobs | 4,957 | |
| Total Credits Issued | $132,197,571 | |
| **Results** | | |
| Estimated State Revenues | $57,782,200 | $0.44 |
| Estimated State Expenditures | $26,842,600 | |
| Estimated Net State Revenue | $30,939,600 | |

*Source: DECD*

**c. Recommendation**

DECD recommends this program continue with consideration for opportunities to improve efficacy, as needed, including adjustments to make the program more competitive

**(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.

No new infrastructure credits issued in FY 2024.

**a. Recommendation**

DECD recommends this program continue.

**(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 2024.

**a. Recommendation**

DECD recommends this program sunset given lack of users and anticipated demand.

## 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 Chapter 207 (insurance, hospital and medical services corporation tax), and CGS Sec. 38a-743 (insurance premiums tax). This tax credit was an extension of the second Insurance Reinvestment Fund Tax Credit. Under this program, the tax credits are distributed at 20% a year for five years, beginning in year six of the program. The first certificates were distributed in FY 2021.

| Table 18: InvestCT Fund Managers' Investments and Job Creation 2016-2024 | |
|---|---|
| **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 | $10,722,000 |
| 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** | **$147,177,750** |
| **Job Creation (across all industries)** | **1,585** |
| **Tax Credits Issued by DECD** | **$131,372,543** |

*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 19: Estimated Total Economic Impact of the CTInvest Tax Credit from 2016-2023 | | |
|---|---|---|
| | **Impact** | **Revenue earned per $1 of credit** |
| Total Fund Investments | $147,177,750 | |
| Total Credits Issued | $131,372,543 | |
| Estimated Total New Jobs – Annual Average Above Baseline | 3,373 | |
| Estimated Cumulative Total State Revenues | $134,524,104 | $1.02 |
| Estimated Cumulative Total State Expenditures | $120,316,501 | |
| Estimated Cumulative Net State Revenue | $14,207,603 | |

*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**

DECD will continue to monitor the impact of the program and recommends the program continue within available allocations (please note: the legislature allocated an additional $200 million to this program in 2021, which will be reported on separately in future reports).

8. **Property Tax Abatements for Investment in Enterprise Zones (EZ)**

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

More information about the various Enterprise Zones can be found here.

### ii. Program Activity

The table below shows the dollar amounts claimed, and the associated value of the investments certified for eligibility in the Grand List Year commencing October 1, 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 20: Property Tax Abatements for Investment in Enterprise Zones, 2024 (Grand List Year 2023) | |
|---|---|
| Claimed Abatements for Newly Certified Investments | $10,347,140 |
| Number of New Certifications | 14 |
| Associated Investment Value Based on Assessment | $683,539,569 |

*Source: DECD and OPM*

### iii. Estimated Economic and Fiscal Impacts

We analyze the estimated total economic impact of the enterprise zone abatements for 2024 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 2023 investments. The 2024 impact analysis only incorporates investments that were new to the municipalities' grand lists for GLY 2023, 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 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. 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 2023 showed an average of 0.2% of real estate investment was targeted for acquisition, and 99.8% was targeted for construction and/or renovation. We assumed actual investments made in the year 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 2024 for GLY 2023 investments. The results are skewed due to large construction investments made by one recipient. This is a partial analysis as it does not include abatements made for projects beginning in prior years.

**Table 21: Estimated Total Economic Impact of New Investments in 2024 Enterprise Zone Program**

| | **Impact in 2024 (GLY 2023)** | **Revenue earned per $1 of state contribution** |
|---|---|---|
| Abatements Claimed for New Investments | $10,347,140 | |
| Assumed State Reimbursement to Towns | $5,173,570 | |
| Estimated Total State Revenues* | $40,984,000 | $7.92 |
| Estimated Total State Expenditures | $10,504,000 | |
| Estimated Net State Revenue | $30,480,000 | |

*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 incentivize private investment in communities that have experienced economic distress, and to yield benefits to the designated communities through new or improved real property values, increase in tenant occupancy rates, reduction of blight, 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

DECD recommends 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 47.

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

### 1. Angel Investor Tax Credit

#### i. Program Description

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 22: Angel Investor Tax Credit Program (01/2015-12/2024) | |
|---|---|
| Number of Investments | 1,482 |
| Investments in Qualified Connecticut Businesses | $144,073,630 |
| Tax Credits Issued (through 12/31/2024*) | $35,986,153 |
| Tax Credits Claimed (through 2022**, from DRS) | $20,912,824 |

*Source: Connecticut Innovations and DRS, *2024 data preliminary **latest available*

Angel Investor tax credit claims were $3.3 million in 2022, and the impact on annual state revenues over the last ten years is $20.9 million of tax credits claimed against the personal income tax (2023 claims data were not available at time of publication of this report). 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 23: Angel Investments by Company Category 2015-2024 | |
|---|---|
| Bioscience | $61,037,371 |
| Clean Technology | $12,053,568 |
| Information Technology | $36,583,806 |
| Advanced Materials | $115,000 |
| Other | $34,283,884 |
| **Total** | **$ 144,073,630** |

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

### ii. Recommendation

DECD recommends that the program continue.

## 2. Cannabis Angel Tax Credit Program

### i. Program Description

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 24: Cannabis Angel Investor Tax Credit Program 2021-2023 | |
|---|---|
| Number of Investments | 52 |
| Investments in Qualified Cannabis Businesses | $8,993,499 |
| Tax Credits Issued (through 12/31/2023) | $3,597,400 |

*Source: Connecticut Innovations*

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

### i. Program Description

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, 2024, are listed in the table below.

| Table 25: FY 2024 Sales and Use Taxes Exemption Active Deals | | | | |
|---|---|---|---|---|
| **Date Approved** | **Company Name** | **Approved Exemption** | **Eligible Purchase Total (based on 6.35% sales tax)** | **Exemption Used (through FY 2024)** |
| 06/18/18 | Electric Boat | $20,000,000 | $314,960,630 | $12,777,221 |
| 04/06/21 | Day Hill Dome | $350,000 | $5,511,811 | $189,134 |
| 10/02/19 | WWE, Inc. | $5,000,000 | $78,740,157 | $4,131,731 |
| 10/29/21 | Ranpak Corp | $750,000 | $11,811,024 | $368,146 |
| 04/06/21 | SIFI Networks East Hartford, LLC | $450,000 | $7,086,614 | $0 |
| 02/15/22 | Travelers | $750,000 | $11,811,024 | $28,668 |
| 06/09/23 | Triumph | $750,000 | $11,811,024 | $0 |
| 06/16/23 | Rich Products | $500,000 | $7,874,016 | $198,238 |
| 06/16/23 | SP Residential | $3,250,000 | $51,181,102 | $3,570 |
| | **TOTALS** | **$31,800,000** | **$500,787,402** | **$17,696,708** |

*Source: Connecticut Innovations*

Companies currently active in the program have an approved total of $31.8 million in sales and use taxes exemptions, of which $17.7 million has been claimed. The eligible construction and capital expenses amount to $501 million.

### ii. Recommendation

DECD recommends that the program continue.

## I. 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 26: Active Direct Assistance Portfolio Value by Assistance Type | | | | |
|---|---|---|---|---|
| | FY 2024 | | Portfolio | |
| **Assistance Type** | **Assistance Amount** | **Percentage of Total** | **Assistance Amount** | **Percentage of Total** |
| Loans | $4,000,000 | 53.4% | $595,789,448 | 61.3% |
| Grants | $3,485,199 | 46.6% | $375,812,706 | 38.7% |
| **TOTAL** | **$7,485,199** | **100.0%** | **$971,602,154** | **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 2024 was 3.78% for 20-year tax-exempt bonds. The following table provides a breakdown of DECD's active portfolio by funding source.

| Table 27: Value by Funding Source | | | | | | |
|---|---|---|---|---|---|---|
| | FY 2024 | | | Portfolio | | |
| **Funding Source** | **No. of Companies** | **Assistance Amount** | **Percentage of Total** | **No. of Companies** | **Assistance Amount** | **Percentage of Total** |
| MAA | 3 | $5,485,199 | 73.3% | 176 | $685,918,631 | 70.6% |
| EXP | 0 | $0 | 0.0% | 687 | $143,683,523 | 14.8% |
| Other | 1 | $2,000,000 | 26.7% | 2 | $142,000,000 | 14.6% |
| **TOTAL** | **4** | **$7,485,199** | **100.0%** | **868** | **$971,602,154** | **100.0%** |
| **MAA - CI Seamless** | | | | 7 | $1,925,000 | N/A |
| **EXP - Lending Partners** | | | | 307 | $36,642,770 | N/A |
| **Inactive MAA Projects** | | | | 11 | $76,668,000 | N/A |
| **Inactive EXP Projects** | | | | 1,228 | $170,030,320 | 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. First Five and Grants-in-Arrears recipients are included in MAA. 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 2012-2014 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 $972 million, an additional $3.7 billion was invested in Connecticut's economy. In other words, for every dollar invested by DECD, approximately $3.83 was invested by other sources into the same business projects.

**Table 28: Active Portfolio Leverage Ratio**

| | Leverage Ratio | Non-DECD Funds | DECD Investment |
|---|---|---|---|
| Active Portfolio | 3.83 | $3,720,897,700 | $971,602,154 |

*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 2024, DECD estimated $39,325,259 in MAA loans and $19,802,766 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 2024, DECD forgave $18,103,776 in MAA loans and $149,311 in EXP loans in response to companies achieving contractual employment targets.

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

| Table 29: Active Portfolio Industrial Composition | | | |
|---|---|---|---|
| **NAICS** | **Industry** | **Direct Assistance** | **Percentage** |
| 11 | Agriculture, Forestry, Fishing & Hunting | $4,757,300 | 0.5% |
| 21 | Mining, Quarrying, and Oil & Gas Extraction | $2,000,000 | 0.2% |
| 22 | Utilities | $4,780,000 | 0.5% |
| 23 | Construction | $10,030,790 | 1.0% |
| 31-33 | Manufacturing | $532,967,081 | 54.9% |
| 42 | Wholesale Trade | $27,758,309 | 2.9% |
| 44-45 | Retail Trade | $21,130,363 | 2.2% |
| 48-49 | Transportation and Warehousing | $23,947,801 | 2.5% |
| 51 | Information | $48,971,000 | 5.0% |
| 52 | Finance & Insurance | $84,499,381 | 8.7% |
| 53 | Real Estate and Rental & Leasing | $8,302,900 | 0.9% |
| 54 | Professional, Scientific, and Technical Services | $94,753,993 | 9.8% |
| 55 | Management of Companies & Enterprises | $8,700,000 | 0.9% |
| 56 | Administrative and Support/ Waste Management | $20,072,521 | 2.1% |
| 61 | Educational Services | $10,863,400 | 1.1% |
| 62 | Health Care & Social Assistance | $24,555,838 | 2.5% |
| 71 | Arts, Entertainment & Recreation | $14,831,000 | 1.5% |
| 72 | Accommodation & Food Services | $18,383,762 | 1.9% |
| 81 | Other Services (except Public Administration) | $10,296,715 | 1.1% |
| | **TOTAL** | **$971,602,154** | **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 30: Business Assistance Portfolio Job Audit Results as of June 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|
| | | Contract Requirements | | | | Percentage of Contract |
| **Job Audit Result** | **No. of Audits Completed** | **Jobs Retained** | **Jobs Created** | **Total Job Obligation** | **Actual Jobs Per Audit** | **Requirement Attained** |
| Met | 973 | 40,016 | 12,969 | 52,985 | 60,450 | 114.1% |
| Not Met | 428 | 7,701 | 2,773 | 10,474 | 7,193 | 68.7% |
| **TOTAL** | **1,401** | **47,717** | **15,742** | **63,459** | **67,643** | **106.6%** |

*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 2012-2014 EXP projects. COVID-19 assistance programs do not have contractual employment obligations.*

## C. Wage Analysis

Tables in this section provide the results of a FY 2024 active portfolio wage analysis based on survey results. Please note that Recovery Bridge Loan recipients are not included in this section.

| Table 31: Active DECD Portfolio Wage Analysis Based on Survey Responses | |
|---|---|
| Weighted Average | $101,575 |
| High | $520,572 |
| Low | $32,000 |
| Median | $60,000 |

*Source: DECD*

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

| Table 32: Business Assistance Portfolio Wages by Industry | | | |
|---|---|---|---|
| NAICS Code | NAICS Category | No. of Companies | Portfolio Weighted Average Wage |
| 23 | Construction | 9 | $75,086 |
| 31-33 | Manufacturing | 63 | $104,601 |
| 42 | Wholesale Trade | 10 | $133,069 |
| 44-45 | Retail Trade | 15 | $64,158 |
| 48-49 | Transportation and Warehousing | 3 | $70,175 |
| 51 | Information | 4 | $123,000 |
| 52 | Finance and Insurance | 5 | $219,330 |
| 53 | Real Estate and Rental / Leasing | 1 | $57,987 |
| 54 | Professional, Scientific and Technical Services | 25 | $90,687 |
| 56 | Administrative and Support and Waste Management and Remediation Services | 5 | $92,767 |
| 61 | Educational Services | 3 | $58,496 |
| 62 | Health Care and Social Assistance | 13 | $53,653 |
| 71 | Arts, Entertainment and Recreation | 4 | $57,198 |
| 72 | Accommodation and Food Service | 10 | $50,257 |
| 81 | Other Services (Except Public Administration) | 11 | $70,330 |

*Source: DECD*

## D. Economic Development Direct Assistance Programs

### 1. Manufacturing Assistance Act (MAA)

#### i. Program Description

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 74% of MAA active assistance has gone to businesses in the manufacturing, finance and insurance and professional service industries. 39 MAA recipients are located in the state's distressed municipalities. Companies in DECD's MAA portfolio (active and inactive) have committed to create 13,634 jobs and retain 32,652 jobs. Please note these job numbers have been adjusted for duplication across contracts and programs.

| Table 33: MAA Financial Assistance per Job to be Created or Retained Based on Maximum Contractual Job Obligations | |
|---|---|
| Total Assistance | $762,586,631 |
| Jobs to be Created or Retained | 46,286 |
| Financial Assistance per Job | $16,476 |

*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.*

### ii. Estimated Direct Economic Impact

The table below shows the cumulative direct impact of the MAA program over the most recent 10 years (FY 2015 - FY 2024). 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 the required conditions after receiving the funds. Earned forgiveness reduces the loan repayment amounts and is 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 2024 were deducted from the revenue estimations.

| **Table 34: MAA Estimated Direct Economic Impact FY 2015-2024** | |
|---|---|
| New Jobs Reported – Annual Average Above Baseline* | 6,513 |
| Average Direct Net State Revenue | $20,595,902 |
| Cumulative Direct Net State Revenue | $205,959,020 |

*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 $20 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 $205 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.

### iii. Recommendation

DECD recommends continuing the program while continually assessing its impact.

## 2. Small Business Express Program (EXP)

### i. Program Description

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 20,580 jobs. (Please note these job numbers have been adjusted for duplication across contracts and programs.)

| **Table 35: EXP Financial Assistance per Job to be Created or Retained Based on Contractual Requirements** | |
|---|---|
| Total Assistance | $313,713,843 |
| Jobs to be Created & Retained | 28,295 |
| Financial Assistance per Job | $11,087 |

*Source: DECD*

*Note: This calculation includes the Active and Inactive EXP portfolios. The inactive portfolio includes EXP projects funded in FY2012, 2013 and 2014. 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 $243,708,090 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.

ii. **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 2024. 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 36: EXP Estimated Direct Economic Impact FY 2012-2024** | |
|---|---|
| New Jobs Reported – Annual Average Above Baseline | 5,546 |
| Average Estimated Direct Net State Revenue | $10,211,735 |
| Cumulative Estimated Direct Net State Revenue | $132,752,560 |

*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 $10 million per year over the life of the program to date through FY 2024, and the estimated cumulative total of the net direct revenue it generated is over $132 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.

#### iii. 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.

### 3. Other Funding Sources

DECD has two projects that received direct financial assistance from a program other than MAA or EXP: Lockheed Martin and Avelo Airlines. The Financial Assistance per job for Lockheed Martin is reported in the tax credit section of this report. Avelo Airlines does not have a contractual job creation or retention requirement.

## E. Other Business Support Programs Administered in FY 2024

### 1. Connecticut Small Business Boost Fund

#### i. Program Description

Information on the Small Business Boost Fund program can be found here.

| Table 37: Boost Program Activity as of June 30, 2024 | | | |
|---|---|---|---|
| | **Companies Assisted** | **Value of Loans Funded** | **Jobs at Application** |
| Loan Program | 452 | $59,275,124 | 2,906 |
| Technical Assistance Program | 644 | N/A | 1,681 |

*Source: Grow America*

*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 38: Boost Program Industry Composition | | | |
|---|---|---|---|
| Industry | Number of Loan Portfolio Companies | Loan Portfolio Value | Number of Technical Assistance Portfolio Companies |
| Accommodation & Food Service | 53 | $7,512,543 | 78 |
| Agriculture | 2 | $100,000 | 8 |
| Administrative Support Services | 46 | $8,773,229 | 29 |
| Construction | 37 | $4,561,640 | 81 |
| Health Care Services | 5 | $375,000 | 3 |
| Educational Services | 11 | $1,466,690 | 23 |
| Finance & Insurance | 14 | $1,443,948 | 8 |
| Retail Trade | 44 | $4,520,177 | 85 |
| Social Assistance | 38 | $5,166,218 | 36 |
| Accommodation | 2 | $435,000 | 0 |
| Information Technology | 8 | $971,171 | 10 |
| Real Estate | 6 | $302,844 | 27 |
| Manufacturing | 44 | $9,253,358 | 19 |
| Other Services | 58 | $5,339,671 | 127 |
| Professional Services | 49 | $5,257,223 | 48 |
| Transportation & Warehousing | 26 | $2,631,092 | 47 |
| Utilities | 0 | $0 | 2 |
| Waste Management | 4 | $435,160 | 5 |
| Wholesale Trade | 5 | $730,160 | 8 |
| **TOTAL** | **452** | **$59,275,124** | **644** |

*Source: Grow America*

The Boost Program is administered by Grow America. The Boost Program does not have contractual job creation or retention requirements. The purpose of the program is to help local communities recover from the impacts of the COVID-19 pandemic by assisting businesses with rebuilding and expanding and encouraging the formation of new businesses. As of FY 2024, the state's contribution to the program was $40 million.

The default rate of the boost program is 6%. At this time, it appears that the fund will revolve and continue lending after the initial state funds are disbursed, and the program will become self-sustainable.

**ii. Recommendation**

DECD recommends this program continue until there is enough data available to evaluate its impact.

2. **Recovery Bridge Loan**
   i. **Program Description**
   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 pandemic. 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, 2024, $38,958,183 was repaid.

   ii. **Recommendation:**
   This was a short-term crisis response program and has been discontinued.

3. **COVID-19 Hospitality Support Grant**
   i. **Program Description**
   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. 1,636 companies received $26,468,760 from this program.

   ii. **Recommendation:**
   This was a short-term crisis response program, funded by the American Rescue Plan Act (ARPA), and has been discontinued.

4. **Manufacturing Innovation Fund (MIF)**
   i. **Program Description**
   The 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 2024 MIF Annual Report, as of June 30, 2024, the MIF has engaged with 4,116 companies and invested approximately $109 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 ten-member advisory board made up of senior leaders from the manufacturing industry. The Board's 2024 Annual Report can be found here.

ii. **Recommendation:**

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

5. **Minority Business Revolving Loan Fund (MBRLF)**

i. **Program Description**

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

**Table 39: Minority Business Revolving Loan Fund Program Activity as of June 30, 2024**

| 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 | $2,986,930 | 324 | $13,070 |
| HEDCO/SHEBA | $3,000,000 | $860,000 | 23 | $2,140,000 |
| NHPLP (New Haven) | $275,040 | $275,040 | 31 | $0.00 |
| MBRLF | $11,224,960 | $10,201,700 | 128 | $1,023,260 |
| **TOTAL** | **$22,500,000** | **$19,323,670** | **992** | **$3,176,330** |

*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.

ii. **Recommendation**

DECD recommends the continuation of this program.

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

i. **Program Description**

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 2024 include:

- Governor Lamont's economic development mission to Germany to meet with businesses interested in expanding operations to the state.
- Connecticut's presence and participation at the 2024 Select USA Summit and 2024 Farnborough Air Show in Farnborough, U.K.
- DECD was awarded and administered $200,000 in Federal FY 2023-2024 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. DECD funded 50 STEP projects. Common uses of the STEP grant funding were to support international trade show participation, website translations, localization, and search engine optimization, in addition to the various services provided through the U.S. Commercial Service office located in Middletown, CT.
- 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 2024, DECD interfaced with several foreign delegations, including Taiwan, the U.K., Canada, and Belgium.

**7. Airport Development Zones**

**i. Program Description**

Information on the Airport Development Zones can be found here. Claims data from companies located in Airport Development Zones (ADZ) is included in the Enterprise Zone data provided to DECD by OPM. No new ADZ claims were filed in FY 2024.

**iii. Recommendation**

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

8. **Small Business Support Grant Program**

   i. **Program Description:**

   In FY 2023, DECD began administering the 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, 2024 |
|---|---|---|---|
| Black Business Alliance | $1,805,000 | $1,000,000 | $300,000 |
| Community Foundation for Greater New Haven | $2,300,000 | $4,900,000 | $1,700,500 |
| Girls for Technology | $5,000,000 | $0 | $0 |
| HEDCO/SAMA | $4,288,027 | $4,000,000 | $1,675,357 |
| Middlesex County Revitalization Commission | $521,950 | $1,078,050 | $380,000 |
| Minority Construction Council | $1,000,000 | $0 | $0 |
| Realist Lab | $4,000,000 | $1,000,000 | $180,000 |
| Reset/First Night | $2,055,000 | $170,000 | $35,800 |
| Southeastern CT Enterprise Region | $1,000,000 | $3,500,000 | $898,012 |
| Women's Business Development Council | $3,800,000 | $6,000,000 | $1,522,174 |
| **TOTAL** | **$25,769,977** | **$21,648,050** | **$6,691,843** |

*Source: DECD*

   ii. **Recommendation:**

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

9. **Tech Talent Fund**

   i. **Program Description**

   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 6/30/2024 | |
|---|---|
| **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 |
| ReadyCT | $215,000 |
| **TOTAL** | **$10,878,601** |

*Source: DECD*

### ii. Recommendation

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.

## 10. Programs Administered by Connecticut Innovations (CI)

### i. Program Description

In accordance with CGS Sec. 32-47a, CI is required to submit an annual report to the state legislature. CI's 2024 annual report can be found here. CI reported 2,670 direct jobs in 201 venture companies in FY 2024. 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.

Additionally, in 2024, CI commissioned an independent economic impact analysis of their programs. The results of that report can be found here. The estimated fiscal impact of CI's FY 2024 programs, based on the most recent ROI estimates available from the economic impact analysis linked above, are reported below.

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

| Table 42: Estimated Fiscal Returns of CI Programs FY 2024 | | | |
|---|---|---|---|
| **CI Program** | **State and Local ROI* per $1 invested** | **Deals Closed in FY 2024** | **Impact on State and Local Revenues** |
| Venture Program | $5.46 | $44,211,052 | $241,392,344 |
| Loan Program | $0.81 | $0 | $0 |
| Sales and Use Tax Exemption Program | $0.08 | $3,750,000 | $300,000 |
| Innovation Program (CBIF) | $0.04 | $3,996,813 | $159,873 |
| Total CI Program Investments | $4.65 | $51,957,865 | $241,852,217 |

*Source: CT Innovations. *ROI estimates from 2024 TEConomy report based on data for the year ending June 30, 2023.*

### ii. Recommendation

DECD recommends that the state continues to support CI programs.

## F. Office of the Permit Ombudsman

The Office of the Permit Ombudsman (OPO) 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.

FY 2024 OPO activities are outlined below and in the following table.

- The PO worked very closely with the Department of Energy and Environmental Protection's Client Concierge Team to better 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 assisted in setting up pre-application meetings with 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 continued to respond to inquiries from businesses, companies seeking clarity on the state's regulatory framework, and permitting processes.

| Table 43: FY 2024 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)** |
| Waterbury | Eversource Energy | 6/1/24 | Economic Development | DEEP | Flood Management Certification (General Permit), Environmental Remediation related permits, Coastal Review | FMC – 6/28/24 Others are ongoing |
| Stamford | Stamford Downtown | 2/7/24 | Community Development Economic Development | DOT, OSTA, OPM | OSTA Permitting | N/A |
| Bridgeport | Steel Point Development | 3/28/24 | Economic Development | DEEP | Stormwater | 4/22/24 |
| Bristol | Metal Finishing Technologies | 3/7/24 | Workforce | DEEP | Waste Water Discharge | N/A |
| New Haven | Winchester Infrastructure | 5/30/24 | Economic Development | DEEP, UI, OSTA | Application Approval for Electrical Design | N/A |
| Windsor | Waste Transfer Facility | 7/10/23 | Economic Development | DEEP, DOT | N/A | N/A |
| New Britain | 30 Steele Boulevard | 9/19/23 | Economic Development State Funding | DEEP, DOT | OSTA Minor | 11/16/23 |

*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 2015, DECD has funded 272 brownfield projects spanning over 75 municipalities with approximately $280 million in funding through a mix of loans and grants. This funding has leveraged approximately $3.64 billion in other funds, resulting in a leverage ratio of approximately $13 invested by non-DECD partners for every dollar of OBRD funding.

**Table 44: Brownfield Funding Activity**

| | No. of Projects | Total DECD Investment | Non- DECD Funds | Leverage Ratio | Impacted Acreage |
|---|---|---|---|---|---|
| FY 2024 | 36 | $51,752,412 | $807,662,403 | 15.61 | 650.77 |
| Brownfield Portfolio (FY 2015 to FY 2024) | 272 | $280,048,774 | $3,640,687,383 | 13.00 | 3,907.85 |

*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 (CGS Sec. 32-763) and the Targeted

Brownfield Loan Program (CGS Sec. 32-765). OBRD announced approximately $7.2 million and $26.3 million on December 18, 2023 (Round 18) and June 14, 2024 (Round 19), respectively for grant and loan funding to a total of 33 projects across several municipalities in the state. This assessment and cleanup funding will help remediate and redevelop brownfield sites so that 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 2024 | | Portfolio (FY 2015-2024) | |
|---|---|---|---|---|
| **Program Name** | **No. of Projects** | **Total DECD Investment** | **No. of Projects** | **Total DECD Investment** |
| Remedial Action and Redevelopment Municipal Grant | 32 | $27,632,412 | 191 | $132,476,868 |
| Targeted Brownfield Development Loan | 0 | $0 | 44 | $76,185,012 |
| Brownfield Area-Wide Revitalization Planning Grant | 0 | $0 | 14 | $2,470,000 |
| State-Owned Brownfield Properties Program | 0 | $0 | 4 | $15,885,000 |
| Special Contaminated Property Remediation and Insurance Fund Revolving Loan | 0 | $0 | 6 | $745,864 |
| Urban Action Program and Special Act | 0 | $0 | 6 | $24,806,000 |
| U.S. EPA Revolving Loan Fund | 0 | $0 | 2 | $630,000 |
| MAA | 0 | $0 | 0 | $500,000 |
| Urban Sites Remedial Action | 1 | $1,570,000 | 2 | $3,800,000 |
| Community Investment Fund | 3 | $ 22,550,000 | 3 | $22,550,000 |
| **TOTAL** | **36** | **$ 51,752,412** | **272** | **$280,048,744** |

*Source: DECD/ OBRD*

*Notes: 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 2024 Approvals** | **FY 2015-2024 Active* Approvals** |
| Brownfield Remediation and Revitalization (BRRP) Liability Relief Program | 8 | 65 |
| Abandoned Brownfield Cleanup (ABC) Liability Relief Program | 11 | 60 |
| 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 2024 activity for that program.

| Table 47: Dry Cleaning Remediation Funds FY 2024 Activity | | |
|---|---|---|
| **Applicant** | **Dry Cleaning Establishment/Address** | **Grant Amount** |
| ESP New Canaan, LLC | Bestever Cleaners<br>*2-22 Pine Street, New Canaan, CT 06840* | $125,000 |
| 993 Bridgeport Avenue LLC | Milford Cleaning Village<br>*987-995 Bridgeport Avenue, Milford, CT 06460* | $300,000 |
| Cappy's Cleaners and Tailoring, LLC | Cappy's Cleaners and Tailoring, LLC<br>*57 Main Street, Winsted, Connecticut 06098* | $225,493 |
| **TOTAL** | | **$650,493** |

*Source: OBRD, DECD*

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

## II. 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 Act Grant Program, and the Connecticut Communities Challenge Program. In FY 2024 the state invested over $143 million into 93 community development projects, bringing DECD's portfolio value to over $640 million.

In FY 2024, DECD merged several different grant programs and offices that were operating as separate units into one larger unit, the Office of Community Development. This allows for an increase in shared services and consistent administration across different grant programs.

**Table 48: DECD Office of Community Development Activity**

| | No. of Projects | Leverage Ratio | Total Project Cost | State Investment |
|---|---|---|---|---|
| FY 2024 | 93 | 4.26 | $755,721,154 | $143,763,104 |
| CD Portfolio | 425 | 1.48 | $1,592,904,139 | $641,740,562 |

*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 Sec. 32-285a of the Connecticut General Statutes, was launched in FY 2022. CIF fosters economic development in historically underserved communities across the state. CIF is providing 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 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

Planning grants provide a standard award amount to provide applicants the resources to develop a comprehensive plan for a larger capital improvement project. These eligible activities include community engagement processes, feasibility studies, sustainability analysis and planning, development of a project plan, development of construction budgets and conceptual drawings, environmental tests, analysis and other property reports. The CIF Board of Directors, comprised of members of the executive and legislative branches, reviews applications and makes recommendations to the Governor and State Bond Commission. The CIF FY 2024 Annual Report can be found here.

**D. State Historic Preservation Office (SHPO)**

Located within the Department of Economic and Community Development, the State Historic Preservation Office (SHPO) is responsible for overseeing the governmental program of historic preservation for Connecticut's citizens. SHPO administers a range of federal and state programs that identify, register and protect the buildings, sites, structures, districts and objects that comprise Connecticut's cultural heritage. All (50) US States, (5) Territories, (3) Freely Associated States, and the District of Columbia have a designated State Historic Preservation Office.

1. **Tax Credits**

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

Under its two tax credit programs, in FY 2024 SHPO issued over $11 million in tax credit vouchers to 72 recipients.

| Table 49: FY 2024 SHPO Tax Credit Activity | | |
|---|---|---|
| **Tax Credit Program** | **Number of Vouchers Issued** | **Voucher Amount** |
| Historic Rehabilitation Tax Credit | 12 | $9,791,018 |
| Historic Homes Rehabilitation | 60 | $1,370,636 |
| **TOTAL** | **72** | **$11,161,654** |

*Source: DECD*

Additionally, SHPO processed 17 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 2024 SHPO granted over $1.6 million in grants to 31 eligible recipients through its various grant programs. A listing of DECD's SHPO grant recipients can be found here.

| Table 50: FY 2024 SHPO Grant Activity | | |
|---|---|---|
| **Program** | **Number of Recipients** | **Grant Amount** |
| Certified Local Government | 4 | $50,000 |
| Historic Restoration Fund | 10 | $996,078 |
| Partners In Preservation | 1 | $270,000 |
| Institutional Support for Capacity Building | 2 | $200,000 |
| Historic Preservation Survey & Planning | 14 | $159,308 |
| **TOTAL** | **31** | **$1,675,386** |

*Source: DECD*

### E. Connecticut Office of the Arts (COA)

COA is a division within the Department of Economic and Community Development 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 2024, COA has continued to manage legislatively designated American Rescue Plan funds to both arts and non-arts organizations, distributing over $21 million 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 Connecticut children to participating museums to support and encourage family learning. In FY 2024, COA distributed 691 grants totaling over $44 million.

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

**Table 51: FY 2024 Arts Grant Activity**

| Program | Number of Recipients | Grant Amount |
|---|---|---|
| ARPA Grants | 30 | $20,325,023 |
| Directed Local Funds (Arts Line Items) | 53 | $6,550,254 |
| Supporting Arts | 231 | $1,047,302 |
| Connecticut Arts Endowment | 188 | $889,373 |
| Strategic Partnership Grant | 17 | $516,439 |
| Designated Regional Service Organizations | 6 | $280,000 |
| Empower | 4 | $46,000 |
| Elizabeth Mahaffey Arts Administrator Fellowship | 3 | $5,290 |
| Honorary Position Grants (Troubadour and Poet Laureate) | 2 | $10,000 |
| Artists Respond Grant | 81 | $243,000 |
| Every Child Art Experience | 22 | $55,000 |
| Legislative Grant | 54 | $14,747,950 |
| **TOTAL** | **691** | **$ 44,715,631** |

*Source: DECD*

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

- 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 $18.5 billion on economic impact by traveler spending in Connecticut in 2022.
  - Generated $1.2 billion in state and local tax revenues.
  - Supported 124,000 jobs.
- SMT marketed Connecticut as one of the best places in the United States to live, work, and visit through the approachable, friendly, and fun "Make It Here" campaign across tourism, residential, and business development marketing campaigns. The messaging focused on Connecticut being an accessible place to make a family and create a happy, healthy, and safe home, build a business or a career, and find whatever your heart desires as a place for visitation. These award-winning marketing campaigns were supported with a $4.1 million ad spend which was heavy in digital advertising, but also included linear TV, radio, out of home, and OTT. This resulted in CTvisit.com earning 9.4 million visits in one year, which placed Connecticut in the top 10 most visited state tourism websites in the nation.
- The campaigns were heavily targeted at east coast markets, particularly Connecticut, New York, Massachusetts, and Rhode Island to encourage visitation as well as relocation. It also supported the direct international flight from Dublin to Hartford on Aer Lingus. Additionally, SMT supported the Connecticut Convention and Sports Bureau with a direct campaign to increase RFPs for sporting events and conventions.
- Beyond paid media, additional initiatives included:
  - Launching the Connecticut Oyster Trail focused on appealing to foodies and increasing trends in food-driven travel. The effort resulted in more than 1 billion earned media impressions and an award-winning documentary from the Bridgeport Film Festival.
  - The launch of CTMakeItHere.com, a new website focused on showing current and potential residents and workers the opportunities at hand living and earning in Connecticut. The site features dozens of first-person stories from business owners, artists, chefs, manufacturers, brewers, HR

experts, oyster farms, and several other professions across the state on why they choose to call Connecticut home.

- Refresh of CT Visit, the state tourism website, to make it a more user-friendly experience and easier for external partners to upload their events for promotion.
- Planning and development of a refreshed Connecticut Building at the Big E, the first update to the building in more than 30 years. The effort resulted in more than 1 billion earned media impressions across multiple New England states and helped the Big E see its highest attendance ever.

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## III. 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 16.9% of total employment in 2023, followed by Government sector at 13.2% and Retail Trade industry at 10.0%.

**Table 52: Connecticut Employment by Industry, 2023**

| NAICS Code | Industry | Annual Average Employment | % of Total |
|---|---|---|---|
| 11 | Agriculture, forestry, fishing and hunting | 5,127 | 0.3% |
| 21 | Mining | 478 | 0.0% |
| 22 | Utilities | 5,034 | 0.3% |
| 23 | Construction | 61,710 | 3.7% |
| 31-33 | Manufacturing | 157,532 | 9.4% |
| 42 | Wholesale trade | 60,761 | 3.6% |
| 44-45 | Retail trade | 166,819 | 10.0% |
| 48-49 | Transportation and warehousing | 64,656 | 3.9% |
| 51 | Information | 31,092 | 1.9% |
| 52 | Finance and insurance | 96,656 | 5.8% |
| 53 | Real estate and rental and leasing | 19,455 | 1.2% |
| 54 | Professional and technical services | 100,680 | 6.0% |
| 55 | Management of companies and enterprises | 31,247 | 1.9% |
| 56 | Administrative and waste management | 89,196 | 5.3% |
| 61 | Educational services | 63,148 | 3.8% |
| 62 | Health care and social assistance | 282,431 | 16.9% |
| 71 | Arts, entertainment, and recreation | 27,819 | 1.7% |
| 72 | Accommodation and food services | 125,441 | 7.5% |
| 81 | Other services, except public administration | 54,734 | 3.3% |
| 99 | Non classifiable establishments | 4,339 | 0.3% |
| | Government | 220,156 | 13.2% |
| | **Statewide total** | **1,668,508** | **100.0%** |

*Source: Connecticut Department of Labor, Labor Market Information, 2023 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 4.0% and Connecticut had an average unemployment rate of 3.8% in 2024.

### C. Gross State Product (GSP) by Industry

In 2023, Real Estate, Rental and Leasing accounted for 14.2% of the state's economy, followed by Finance and Insurance industry with 12.9% and Manufacturing with 11.7%. The Government, and the Health Care and Social Assistance sectors rounded the top five with 8.9% and 8.3%, respectively.

**Table 53: 2023 Connecticut GSP by Industry (millions of current $)**

| | Industry | GSP | % of Total |
|---|---|---|---|
| 11 | Agriculture, Forestry, Fishing and Hunting | $443 | 0.1% |
| 21 | Mining, Quarrying, and Oil and Gas Extraction | $201 | 0.1% |
| 22 | Utilities | $5,627 | 1.6% |
| 23 | Construction | $9,743 | 2.8% |
| 31-33 | Manufacturing | $40,426 | 11.7% |
| 42 | Wholesale Trade | $19,094 | 5.5% |
| 44-45 | Retail Trade | $20,203 | 5.8% |
| 48-49 | Transportation and Warehousing | $7,989 | 2.3% |
| 51 | Information | $18,777 | 5.4% |
| 52 | Finance and Insurance | $44,762 | 12.9% |
| 53 | Real Estate and Rental and Leasing | $49,046 | 14.2% |
| 54 | Professional, Scientific, and Technical Services | $24,641 | 7.1% |
| 55 | Management of Companies and Enterprises | $7,483 | 2.2% |
| 56 | Administrative and Support and Waste Management and Remediation Services | $10,121 | 2.9% |
| 61 | Educational Services | $8,163 | 2.4% |
| 62 | Health Care and Social Assistance | $28,646 | 8.3% |
| 71 | Arts, Entertainment, and Recreation | $4,131 | 1.2% |
| 72 | Accommodation and Food Services | $9,016 | 2.6% |
| 81 | Other Services (Except Government and Government Enterprises) | $6,555 | 1.9% |
| 99 | Government and Government Enterprises | $30,845 | 8.9% |
| | **TOTAL** | **$345,912** | **100.0%** |

*Source: U.S. Bureau of Economic Analysis*

*Note: In millions of current dollars. Numbers may not total due to rounding.*

## IV. 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 the 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 determines 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 determines 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 feedback. 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**

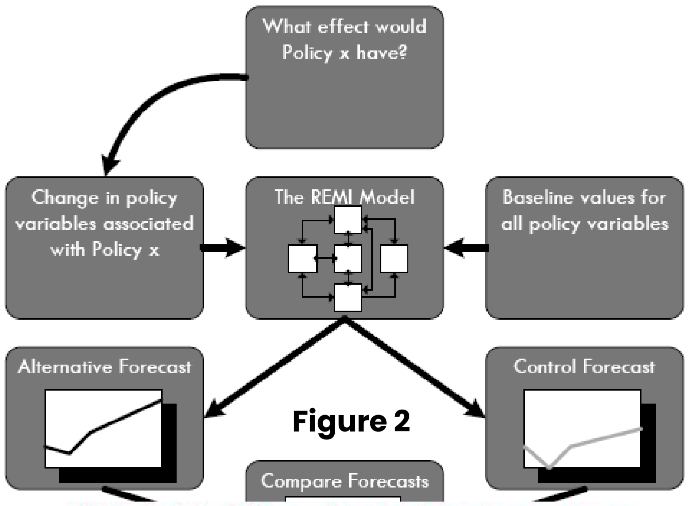


**Figure 2**