



Catherine H. Smith
Commissioner

Department of Economic and
Community Development



MEMORANDUM

Date: November 12, 2013

To: Gian-Carl Casa, Undersecretary for Legislative Affairs, OPM
Liz Donohue, Policy Director, Office of the Governor

From: Catherine Smith, Commissioner
Department of Economic and Community Development

Re: **DECD Legislative Proposals for the 2014 Legislative Session**

Please find enclosed, for your review a copy of the Department of Economic and Community Development's 2014 Legislative Proposals.

My staff and I have carefully analyzed the enclosed proposals and feel that these initiatives, if passed by the General Assembly, will allow the Department to better ensure the quality and delivery of services to the public. The proposals we are submitting by priority are as follows:

1. An Act Increasing the URA Tax Credit and Eliminating Caps on State Financial Assistance
2. An Act Concerning the State Historic Rehabilitation Tax Credit Program
3. An Act Concerning Sales and Use Tax Relief
4. An Act Concerning a Technical Amendment to Section 32-1c of the Connecticut General Statutes
5. An Act Concerning the State Building Works of Art Account

In addition DECD is working on a proposal with Liz Donahue and DOL to target areas and populations of highest unemployment.

Should you have any questions or require additional information please feel free to contact me at (860) 270-8182. I look forward to working with you on this agenda.



Agency Legislative Proposal - 2014 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Economic & Community Development

Liaison: Jim Watson
Phone: 860-270-8182
E-mail: jim.watson@ct.gov

Lead agency division requesting this proposal:
Office of Business & Industry Development

Agency Analyst/Drafter of Proposal:

Title of Proposal

AA Increasing the URA Tax Credit Limit and Eliminating Caps on State Financial Assistance

Statutory Reference

Proposal Summary

Propose increasing the URA tax credit limit to \$650 million from \$500 million and eliminating requirements that the state legislature approve financial assistance for more than \$10 million and URA tax credits in excess of \$20 million.

Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

• Reason for Proposal

Please consider the following, if applicable:

- (1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*
- (3) *Have certain constituencies called for this action?*
- (4) *What would happen if this was not enacted in law this session?*

The increase in the Urban and Industrial Sites Reinvestment Tax Credit Program (URA) is needed to address increased demand for this successful program.

Eliminating the need for legislative approvals for financial assistance over \$10 million and URA tax credits over \$20 million will allow the department to be more nimble in its dealings with companies. Legislative approvals can create delays (often many months) that can negatively impact time-sensitive projects. Furthermore, companies are often not willing or able to disclose information about a potential move or expansion until it is firm. Finally, other states we compete with do not require a legislative approval for any size assistance package, which makes our process uncompetitive.

• **Origin of Proposal** ___ New Proposal v Resubmission



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

A similar bill (SB 942) eliminating caps passed the Senate last year, but did not get voted on in the House. Some legislators voiced concerns about the loss of legislative oversight.

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: Agency Contact (name, title, phone): Date Contacted: Approve of Proposal ___ YES ___ NO ___ Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? ___ YES ___ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation)
State
Federal
Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)



Insert fully drafted bill here

Sec. 32-9t. Urban and industrial site reinvestment program. Registration of fund managers. Tax credits.

(i) (1) There shall be allowed as a credit against the tax imposed under chapters 207 to 212a, inclusive, or section 38a-743, or a combination of said taxes, an amount equal to the following percentage of approved investments made by or on behalf of a taxpayer with respect to the following income years of the taxpayer: (A) With respect to the income year in which the investment in the eligible project was made and the two next succeeding income years, zero per cent; (B) with respect to the third full income year succeeding the year in which the investment in the eligible project was made and the three next succeeding income years, ten per cent; (C) with respect to the seventh full income year succeeding the year in which the investment in the eligible project was made and the next two succeeding years, twenty per cent. The sum of all tax credits granted pursuant to the provisions of this section shall not exceed one hundred million dollars with respect to a single eligible urban reinvestment project or a single eligible industrial site investment project approved by the commissioner. The sum of all tax credits granted pursuant to the provisions of this section shall not exceed ~~five hundred~~ six hundred fifty million dollars.

[Sec. 32-462. Limitation on the amount of financial assistance which may be awarded without specific approval by the General Assembly. Exception. (a) As used in this section:

(1) "Agency" means the Department of Economic and Community Development or Connecticut Innovations, Incorporated.

(2) "Financial assistance" means grants, loans, loan guarantees, contracts of insurance, investments, or combinations thereof, which are provided from the proceeds of bonds, notes or other obligations of the state or an agency which constitute a debt or liability of the state or which are secured by a special capital reserve fund payable from amounts appropriated or deemed appropriated from the General Fund.

(3) "Applicant" means any eligible applicant seeking financial assistance from an agency for a business project. The term "applicant" shall not include any political subdivision of the state.

(4) "Business project" means a business proposal undertaken by one or more applicants, but does not include housing unless undertaken in combination with another unrelated type of business.



(5) "Biotechnology business project" means any commercial project to be used or occupied by any person to conduct laboratory activity relating to, or the research, development or manufacture of, biologically active molecules or devices that apply to, affect or analyze biological processes.

(b) (1) No agency or agencies may award more than a total of ten million dollars of financial assistance during any two-year period to an applicant or for a business project unless such financial assistance is specifically authorized by an act of the General Assembly which has been enacted before, on or after July 1, 1994. (2) The provisions of subdivision (1) of this subsection shall not apply to any awards funded or to be funded by bonds authorized to be issued by the State Bond Commission before July 1, 1994.

(c) Notwithstanding the provisions of subsection (b) of this section, no agency or agencies may award more than twenty million dollars of financial assistance for a biotechnology business project during any two-year period unless such financial assistance is specifically authorized by an act of the General Assembly which has been enacted before, on or after July 1, 2001.]

Sec. 2. Subsection (q) of section 32-9t of the general statutes is repealed.

[(q) (1) Any tax credits approved under this section that would constitute in excess of twenty million dollars in total for a single investment shall be submitted by the Commissioner of Economic and Community Development to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding prior to the issuance of a certificate of eligibility for such investment. Said committee shall have thirty days from the date such project is submitted to convene a meeting to recommend approval or disapproval of such investment. If such submittal is withdrawn, altered, amended or otherwise changed, and resubmitted, said committee shall have thirty days from the date of such resubmittal to convene a meeting to recommend approval or disapproval of such investment. If said committee does not act on a submittal or resubmittal, as the case may be, within that time, the investment shall be deemed to be approved by said committee.

(2) While the General Assembly is in session, the House of Representatives or the Senate, or both, may meet not later than thirty days following the date said committee makes a recommendation pursuant to subdivision (1) of this subsection. If such submission is not disapproved by the House of Representatives or the Senate, or both, within such time, the commissioner may issue such certificate.

(3) While the General Assembly is not in regular session, the House of Representatives or the Senate, or both, may meet not later than thirty days following the date said committee makes a recommendation pursuant to subdivision (1) of this subsection. If such submission is not disapproved by the House of Representatives, the Senate, or both, within such time, the commissioner may issue such certificate.]



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: Department of Housing Agency Contact (name, title, phone): Nick Lundgren Date Contacted: 11/1/2013 Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

- **Agencies Affected** (please list for each affected agency)

Agency Name: Department of Revenue Services Agency Contact (name, title, phone): Louis Bucari Date Contacted: November 1, 2013 Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation) No impact: The regulation of the two state historic rehabilitation tax credit programs proposed for merger imposes no financial burden on municipalities. In fact, the rehabilitation of underutilized or vacant historic buildings can expand the local tax base by increasing property values and encouraging the improvement of adjacent properties.



State

No impact. The two state historic tax credit program proposed for merger are administered by one staff member and no additional staffing is required. The staff member's title and classification are, respectively, National Register Specialist/Historian salary grade 26.

Federal

No impact: The CT historic rehabilitation tax credits can be used in conjunction with the Federal Historic Tax Incentives program, which provides a 20% tax credit for qualified rehabilitation expenditures associated with the rehabilitation of income-producing properties. This is a federal funding source that helps leverage the state's investment in the program. Furthermore, a recent economic impact analysis of the state's historic tax credit program concluded that for every dollar issued in state tax credits \$5.00 was spent in private investment associated with the property's rehabilitation.

Additional notes on fiscal impact

Historic rehabilitation projects create construction jobs that generate state income tax dollars. It is estimated that for every \$1,000,000.00 of output associated with a historic rehabilitation 9.3 direct jobs and 5.1 indirect jobs are created as opposed to new construction which creates a total of 11.9 direct and indirect jobs.

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

Insert fully drafted bill here

Sec. XX-XXX. Tax credits for rehabilitation of certified historic structures. (a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

(1) "Officer" means the State Historic Preservation Officer designated pursuant to 36 CFR S. 61.2 (1978);

(2) "Certified historic structure" means an property that: (A) Is listed individually on the National or State Register of Historic Places, or (B) is located in a district listed on the National or



State Register of Historic Places, and has been certified by the officer as contributing to the historic character of such district;

(3) "Certified rehabilitation" means any rehabilitation of a certified historic structure for residential use of five (5) units or more, mixed residential and nonresidential use, or nonresidential use consistent with the historic character of such property or the district in which the property is located as determined by regulations adopted by the Department of Economic and Community Development;

(4) "Owner" means any person, firm, limited liability company, nonprofit or for-profit corporation or other business entity or municipality which possesses title to an historic structure and undertakes the rehabilitation of such structure;

(5) "Placed in service" means that substantial rehabilitation work has been completed which would allow for occupancy for either the entire building or some identifiable portion of the building;

(6) "Qualified rehabilitation expenditures" means any costs incurred for the physical construction involved in the rehabilitation of a certified historic structure for, excluding: (A) The owner's personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the Fire Safety Code, and (C) any non-construction cost such as architectural fees, legal fees and financing fees;

(7) "Rehabilitation plan" means any narrative, construction plans and specifications for the proposed rehabilitation of a certified historic structure in sufficient detail for evaluation by compliance with the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties; and

(8) "Substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic structure that exceed twenty-five per cent of the assessed value of such structure.

(b) (1) The Department of Economic and Community Development shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for owners rehabilitating certified historic structures.

(2) The credit authorized by this section shall be available in the tax year in which the substantially rehabilitated certified historic structure is placed in service. In the case of projects completed in phases, the tax credit shall be prorated to the substantially rehabilitated



identifiable portion of the building placed in service. If the tax credit is more than the amount owed by the taxpayer for the year in which the substantially rehabilitated certified historic structure is placed in service, the amount that is more than the taxpayer's tax liability may be carried forward and credited against the taxes imposed for the succeeding five years or until the full credit is used, whichever occurs first.

(3) Any credits allowed under this section that are provided to multiple owners of certified historic structures shall be passed through to persons designated as partners, members or owners, pro rata or pursuant to an agreement among such persons designated as partners, members or owners documenting an alternative distribution method without regard to other tax or economic attributes of such entity. Any owner entitled to a credit under this section may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity and such transferee shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

(d) The Department of Economic and Community Development may adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for the filing of applications, rating criteria and for timely approval by the department.

(e) Prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit to the officer (1) (A) a rehabilitation plan for a determination of whether or not such rehabilitation work meets the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion, (2) an estimate of the qualified rehabilitation expenditures, and (3) for projects pursuant to subdivision (2) of subsection (f) of this section, (A) the number of units of affordable housing, as defined in section 8-39a, to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located.

(f) If the officer certifies that the rehabilitation plan conforms to the Secretary of the Interior's Standards for the Rehabilitation of Historic Properties, the Department of Economic and Community Development shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, or (2) for rehabilitation plans submitted pursuant to subsection (e) of this section, thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units and qualify as affordable housing, as defined in section 8-39a, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing, as defined in section 8-39a. No tax credit shall be allocated for the purposes



of this subdivision unless an applicant has received a certificate from the Department of Economic and Community Development pursuant to section 8-37/// confirming that the project complies with affordable housing requirements under section 8-39a.

(g) Following completion of the rehabilitation, the owner shall provide the officer with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The officer shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the Department of Economic and Community Development shall issue a tax credit voucher to the owner rehabilitating the certified historic structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (f) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision (2) of subsection (f) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection (h) of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

(h) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) to (j), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit voucher. Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.

(i) The Department of Economic and Community Development may charge an application fee in an amount not to exceed five thousand dollars to cover the cost of administering the program established pursuant to this section.

(j) The aggregate amount of all tax credits which may be reserved by the Department of Economic and Community Development upon certification of rehabilitation plans under subsections (a) to (g), inclusive, of this section shall not exceed thirty-five million dollars in any fiscal year. No project may receive tax credits in an amount exceeding ten per cent of such aggregate amount.

(k) Any tax credit reservations issued before a suspension of additional tax credit reservations under section (j) shall remain in place.



Agency Legislative Proposal - 2014 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Department of Economic & Community Development

Liaison: Jim Watson
Phone: 860-270-8182
E-mail: jim.watson@ct.gov

Lead agency division requesting this proposal:
Commissioner's Office

Agency Analyst/Drafter of Proposal:

Title of Proposal

An Act Concerning Sales and Use Tax Relief

Statutory Reference

Proposal Summary

Under current law, Connecticut Innovations can provide sales and use tax exemptions for economic development projects. This legislative change gives DECD the ability to provide these benefits as well, which is appropriate given the department's lead role in negotiating financial incentive packages with companies, several of which contain a provision to provide such exemptions. The change will obviate the need for CI board approval and expedite DECD's ability to provide this financial benefit for its business customers. We do not expect any increase in number or quantity of exemptions offered, just a simplification of processing.

Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

- **Reason for Proposal**

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

This proposal seeks to expedite DECD's ability to provide this exemption, by eliminating the unnecessary step of involving CI in the approval process. This modification would eliminate uncertainty for companies about the timely completion of deals, by eliminating the need for board approval.



- **Origin of Proposal** New Proposal Resubmission

If this is a resubmission, please share:

- (1) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?*
- (2) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) *What was the last action taken during the past legislative session?*

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name:
Agency Contact (name, title, phone):
Date Contacted:

Approve of Proposal YES NO Talks Ongoing

Summary of Affected Agency's Comments

Will there need to be further negotiation? YES NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation)

State

Federal

Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)



Insert fully drafted bill here

Section 1. (NEW) (*Effective July 1, 2014*) Sales of and the storage, use or other consumption of any tangible personal property or services acquired for incorporation into or used and consumed in connection with the development, construction, rehabilitation, renovation or repair of a project, as defined in subsection (d) of section 32-23d of the general statutes, that (1) has a total cost of not more than two million five hundred thousand dollars, and (2) has been approved by the Commissioner of Economic and Community Development for sales and use tax relief in accordance with procedures adopted by the commissioner shall, subject to any limitations or conditions of such approval, be exempt from sales and use taxes imposed by chapter 219 of the general statutes. The commissioner may deliver a certificate, in such form as the commissioner may prescribe, to the effect that the sale of such tangible property or services is exempt from sales and use taxes imposed by chapter 219 of the general statutes, which certificate may be used in the purchase of such tangible personal property or services and on which certificate each seller of such tangible personal property or services may rely. The commissioner shall develop any such certificate in collaboration and consultation with the Commissioner of Revenue Services.



Agency Legislative Proposal - 2014 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency:

Department of Economic & Community Development

Liaison: Jim Watson

Phone: 860-270-8182

E-mail: jim.watson@ct.gov

Lead agency division requesting this proposal:

Office of Business & Industry Development

Agency Analyst/Drafter of Proposal:

Title of Proposal

AAC Technical Amendment To Section 32-1c Of The Connecticut General Statutes

Statutory Reference

CGS 32-1c

Proposal Summary

8-37x is a housing statute that is proposed to be transferred this session to Department of Housing at the suggestion of the Attorney General's office. DECD has been using section (d) of this statute for broader delegation powers so it needs to create a new statute to fill this gap.

Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

- **Reason for Proposal**

Please consider the following, if applicable:

- (1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*
- (3) *Have certain constituencies called for this action?*
- (4) *What would happen if this was not enacted in law this session?*

We recommend taking the language from 8-37x (d) and adding it to DECD's statutes – creating 32-1c(e).

- **Origin of Proposal**

New Proposal

Resubmission



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: Agency Contact (name, title, phone): Date Contacted: Approve of Proposal ___ YES ___ NO ___ Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? ___ YES ___ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation)
State
Federal
Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)



Insert fully drafted bill here

Sec. 32-1c. Powers and duties of commissioner. (a) In addition to any other powers, duties and responsibilities provided for in this chapter, chapter 131, chapter 579 and section 4-8 and subsection (a) of section 10-409, the commissioner shall have the following powers, duties and responsibilities: (1) To administer and direct the operations of the Department of Economic and Community Development; (2) to report annually to the Governor, as provided in section 4-60; (3) to conduct and administer the research and planning functions necessary to carry out the purposes of said chapters and sections; (4) to encourage and promote the development of industry and business in the state and to investigate, study and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Connecticut business, industry and commerce, within and outside the state; (5) to serve, ex officio as a director on the board of Connecticut Innovations, Incorporated; (6) to serve as a member of the Committee of Concern for Connecticut Jobs; (7) to promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose to cooperate with state and local agencies and individuals both within and outside the state; (8) to plan and conduct a program of information and publicity designed to attract tourists, visitors and other interested persons from outside the state to this state and also to encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state for the same purposes; (9) to advise and cooperate with municipalities, persons and local planning agencies within the state for the purpose of promoting coordination between the state and such municipalities as to plans and development; (10) by reallocating funding from other agency accounts or programs, to assign adequate and available staff to provide technical assistance to businesses in the state in exporting, manufacturing and cluster-based initiatives and to provide guidance and advice on regulatory matters; (11) to provide all necessary staff, services, accounting and office space and equipment required by the Connecticut Development Authority subject to the provisions of section 4b-23, where real estate acquisitions are involved; (12) to aid minority businesses in their development; (13) to appoint such assistants, experts, technicians and clerical staff, subject to the provisions of chapter 67, as are necessary to carry out the purposes of said chapters and sections; (14) to employ other consultants and assistants on a contract or other basis for rendering financial, technical or other assistance and advice; (15) to acquire or lease facilities located outside the state subject to the provisions of section 4b-23; (16) to advise and inform municipal officials concerning economic development and collect and disseminate information pertaining thereto, including information about federal, state and private assistance programs and services pertaining thereto; (17) to inquire into the utilization of state government resources and coordinate federal and state activities for assistance in and solution of problems of economic development and to inform and advise the Governor about and propose legislation concerning such problems; (18) to conduct, encourage and maintain research and studies relating to industrial and commercial development; (19) to prepare and review model



ordinances and charters relating to these areas; (20) to maintain an inventory of data and information and act as a clearinghouse and referral agency for information on state and federal programs and services relative to the purpose set forth herein. The inventory shall include information on all federal programs of financial assistance for defense conversion projects and other projects consistent with a defense conversion strategy and shall identify businesses which would be eligible for such assistance and provide notification to such business of such programs; (21) to conduct, encourage and maintain research and studies and advise municipal officials about forms of cooperation between public and private agencies designed to advance economic development; (22) to promote and assist the formation of municipal and other agencies appropriate to the purposes of this chapter; (23) to require notice of the submission of all applications by municipalities and any agency thereof for federal and state financial assistance for economic development programs as relate to the purposes of this chapter; (24) with the approval of the Commissioner of Administrative Services, to reimburse any employee of the department, including the commissioner, for reasonable business expenses, including but not limited to, mileage, travel, lodging, and entertainment of business prospects and other persons to the extent necessary or advisable to carry out the purposes of subdivisions (4), (7), (8) and (11) of this subsection and other provisions of this chapter; (25) to assist in resolving solid waste management issues; (26) (A) to serve as an information clearinghouse for various public and private programs available to assist businesses, (B) to identify specific micro businesses, as defined in section 32-344, whose growth and success could benefit from state or private assistance and contact such small businesses in order to (i) identify their needs, (ii) provide information about public and private programs for meeting such needs, including, but not limited to, technical assistance, job training and financial assistance, and (iii) arrange for the provision of such assistance to such businesses; (27) to enhance and promote the digital media and motion picture industries in the state; (28) by reallocating funding from other agency accounts or programs, to develop a marketing campaign that promotes Connecticut as a place of innovation; and (29) by reallocating funding from other agency accounts or programs, to execute the steps necessary to implement the knowledge corridor agreement with Massachusetts to promote the biomedical device industry.

(b) The Commissioner of Economic and Community Development may make available technical and financial assistance and advisory services to any appropriate agency, authority or commission for planning and other functions pertinent to economic development provided any financial assistance to a regional planning agency or a regional council of elected officials shall have the prior approval of the Secretary of the Office of Policy and Management or his designee. Financial assistance shall be rendered upon such contractual arrangements as may be agreed upon by the commissioner and any such agency, authority or commission in accordance with their respective needs, and the commissioner may determine the qualifications of personnel or consultants to be engaged for such assistance.

(c) The Commissioner of Economic and Community Development shall do all things necessary to apply for, qualify for and accept any federal funds made available or allotted under any federal act for planning or any other projects, programs or activities which may be established by federal law, for any of the purposes, or activities related thereto, of the Department of Economic and Community Development and said Commissioner of Economic and Community Development shall administer any such funds allotted to the department in accordance with federal law. The commissioner may enter into contracts with the federal government concerning the use and repayment of such funds under any such federal act, the prosecution of the work under any such contract and the establishment of any disbursement from a separate account in which federal and state funds estimated to be required for plan preparation or other eligible activities under such federal act shall be kept. Said account shall not be a part of the General Fund of the state or any subdivision of the state. The commissioner shall report on activities to apply for, qualify for and accept funds under this subsection in its annual report submitted



pursuant to section 32-1m.

(d) The powers and duties enumerated in this section shall be in addition to and shall not limit any other powers or duties of the Commissioner of Economic and Community Development contained in any other law.

(e) The Commissioner of Economic and Community Development may designate as said commissioner's agent any deputy commissioner or any employee to exercise such authority of the commissioner as said commissioner delegates for the administration of any applicable statute or regulation.



Agency Legislative Proposal - 2014 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc):

(If submitting an electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: DECD

Liaison:

Phone:

E-mail:

Lead agency division requesting this proposal: Office of the Arts

Agency Analyst/Drafter of Proposal: Tamara Dimitri, Art in Public Spaces Program Specialist

Title of Proposal: Revisions to “An Act Concerning the State Building Works of Art Account”

Statutory Reference: Public Act No. 08-78

Proposal Summary

Revisions to Public Act No. 08-78 will improve DECD’s ability to manage and place the public artworks commissioned through the percent for art program and will develop an expanded partnership with the Department of Transportation.

These revisions:

- Provide DECD with the flexibility to locate the art in the best public locations.
- Simplify the contracting burden on the Department of Administrative Services by allowing small non-integrated projects to be managed by DECD.
- Allow DECD to use percent for art funding for management, marketing and outreach, thus better ensuring the success of the commissioned works of art.

Please attach a copy of fully drafted bill (required for review)

PROPOSAL BACKGROUND

• Reason for Proposal

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

• **Origin of Proposal**

x New Proposal

___ Resubmission



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

PROPOSAL IMPACT

- **Agencies Affected** (please list for each affected agency)

Agency Name: DAS

Agency Contact (name, title, phone): Kevin Kopetz, Managing Attorney, (860) 713-5886

Date Contacted: ongoing discussions

Approve of Proposal ___ YES ___ NO Talks Ongoing

Summary of Affected Agency's Comments

DECD and DAS have been engaged in ongoing discussions regarding the need of balancing the number of integrated versus non-integrated projects.

Will there need to be further negotiation? YES ___ NO

- **Fiscal Impact** (please include the proposal section that causes the fiscal impact and the anticipated impact)

Municipal (please include any municipal mandate that can be found within legislation)

State: no fiscal impact in relation to state buildings, projects administered through the DAS
The expanded partnership with DOT would allocate up to 1% for an art component to applicable projects.

Federal

Additional notes on fiscal impact

- **Policy and Programmatic Impacts** (Please specify the proposal section associated with the impact)

The new partnership with DOT is referenced in section (a), (b) and (e). This new partnership will allow DOT to work more closely with DECD to ensure that the visual landscape and character of our cities, towns and villages are better able to connect with the community, provide a more vibrant identity, increase the pedestrian experience all of which add to an increased opportunity for economic development.

New section (f) added to the legislation is an expansion of DECD's ability to define and select project which would benefit from public art opportunities.



Correct section (d) of the legislation. The maintenance clause was intended for the public art referenced in section (b). Conservation funding for artworks associated with section (c) is written into the regulations and is included in the 10% allocation under that section.

Additional language in section (b) provides DECD with greater ability to manage, promote and conserve the works of art within the 1% allocation, all of which is necessary to fully realize a successful project.

Section (e) has been revised to address the need of expanded DECD's role in managing the contracting process. DAS will maintain all contracting for works of art which are integrated into the building project. But any project not integrated will be administered through a DECD contracting process.

Insert fully drafted bill here

AN ACT CONCERNING THE STATE BUILDING AND CENTRAL INFRASTRUCTURE WORKS OF ART ACCOUNT.

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

Section 1. Section 4b-53 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):

(a) For purposes of this section, the following terms have the following meanings: "State building" means any building or facility owned or leased by the state of Connecticut and open to the public or intended for such use, exclusive of any shed, warehouse, garage, building of a temporary nature or building located on the grounds of a correctional institution; **"central infrastructure" means any infrastructure related construction project which is located in an urban or town center location and is inclusive of train stations, bridges, streetscapes and roads;** "proposal development expenses" means the cost of preparing a detailed drawing, model or plan as determined by the ~~DECD Connecticut Commission on Culture and Tourism~~; and "work of art" means art work which is to be an integrated part of such state building, including but not limited to, fresco, mosaic, sculpture and other architectural embellishment or functional art created by a professional artist, artisan or craftsperson, and any work of visual art which is not to be an integrated part of such state building, including but not limited to, a drawing, painting, sculpture, mosaic, photograph, work of calligraphy or work of graphic art or mixed media. Work of art as used in this section shall not include landscape architecture or landscape gardening.

(b) The State Bond Commission, in the allocation of proceeds of state bonds for purposes of construction, reconstruction or remodeling of any state building **and central infrastructure**, shall allocate for works of art, with respect to each such project and for the purposes of subsection (c) of this section, an amount from such proceeds not less than one per cent of the total estimated cost of such construction, reconstruction or remodeling, exclusive of (1) the cost of any land acquisition, (2) any nonconstruction costs including the cost of such work of art, and (3) any augmentations to such cost, provided any such allocation for work of art as provided in this section must be approved, prior to authorization of such allocation by the State Bond



Commission, by the Commissioner of ~~Public Works~~ **DAS (for state buildings) and the Commissioner of DOT (for central infrastructure)** in consultation with the ~~DECD Connecticut Commission on Culture and Tourism~~. Such allocation may be used to reimburse any artist, artisan, craftsman or person who creates a work of art, for proposal development expenses when the ~~Connecticut Commission on Culture and Tourism~~ **DECD** requests such proposal development; or to compensate persons who, at the request of the ~~Connecticut Commission on Culture and Tourism~~ **DECD** determine whether such works of art require proposal development or to compensate for services related to the management, marketing, conservation needs of the project.

In this section we are defining an expanded partnership with the Department of Transportation to better address the visual landscape and character of our cities, town and villages. Setting aside a portion of the construction funding for the arts provides a greater opportunity to develop projects with community identity and vibrancy. Final statement provides DECD with greater ability to manage (contracting out for further services), promote, and conserve the works of art within the 1% allocation, thus providing the ability to fully realize a successful project.

The ~~DECD Connecticut Commission on Culture and Tourism~~, in consultation with the Commissioner of ~~DAS Public Works~~ **DAS Public Works for state buildings, and the Commissioner of DOT for central infrastructure**, shall adopt regulations (A) establish indicate the portion of the one per cent allocation under subsection (b) of this section, up to one quarter of such allocation, which shall be deposited in the General Fund and credited to said account, (B) set forth the manner in which the moneys in said account shall be allocated and expended for the purposes of this subsection, and (C) establish procedures to ensure accountability in maintaining the integrity of such bank of works of art.

(c) There is established within the General Fund a state building works of art account, which shall be a separate, nonlapsing account. The moneys within said account shall be used (1) for the purchase of works of art from distinguished Connecticut artists, which shall be placed on public view in state buildings, (2) to establish a bank of major works of art, from which individual works of art may be circulated among state buildings, public art museums and nonprofit galleries, and (3) for repair of all works acquired under this section. The ~~DECD Connecticut Commission on Culture and Tourism~~, in consultation with the Commissioner of ~~DAS Public Works~~, shall adopt regulations in accordance with the provisions of chapter 54, which shall (A) indicate the portion of the one per cent allocation under subsection (b) of this section, up to one quarter of such allocation, which shall be deposited in the General Fund and credited to said account, (B) set forth the manner in which the moneys in said account shall be allocated and expended for the purposes of this subsection, and (C) establish procedures to ensure accountability in maintaining the integrity of such bank of works of art.

(d) There is established a subaccount within the state buildings works of art account, established pursuant to subsection ~~(c)~~ **(b)** of this section, to be known as the "maintenance account" to be used solely for the conservation, repair and cleaning of artworks commissioned and purchased for ~~state buildings~~ pursuant to this section. The ~~DECD Connecticut Commission on Culture and Tourism~~ shall determine what percentage of the one per cent allocation pursuant to subsection (b) of this section, up to ten per cent of such allocation, to credit to said subaccount.



We've attempt to correct this portion of the legislation. The maintenance clause was intended for the public art referenced in section (b). Conservation funding for artworks associated with section (c) is written into the regulations and is included in the 10% allocation.

[(d)] (e) ~~The Connecticut Commission on Culture and Tourism~~ DECD shall, with respect to a work of art in any project under subsection (b) of this section, be responsible for the selection of any artist, artisan or craftsman, review of any design or plan, and execution, completion, acceptance and placement of such work of art, provided any work of art to be located in any building under the supervision, security, utilization and control of the Joint Committee on Legislative Management shall be approved by said committee. **The DECD shall be responsible for the contractual arrangements for a work of art that is not integrated into the state building or the central infrastructure.** The Commissioner of ~~Public Works~~ DAS (for state buildings) and the Commissioner of DOT (for central infrastructure), in consultation with said commission, (1) shall be responsible for the contractual arrangements with any such artist, artisan or craftsman **for a work of art that is integrated into the state building or central infrastructure project** and (2) shall adopt regulations concerning implementation of the purposes of subsection (b) of this section and this subsection.

To streamline the process, DECD would administer the contractual arrangements for projects that are NOT integrated. This would allow DAS and DOT to focus solely on those which have direct integration needs.

(f) The DECD shall review each construction, reconstruction or remodeling project for which the one per cent allocation applies and may allocate a portion of, or all eligible funding towards a non-lapsing account established for the purpose of commissioning site-specific works of public art in public locations around Connecticut. The DECD shall adopt regulations concerning implementation in consultation with the DAS and DOT.

This provides DECD with the opportunity to allocate the funding towards additional public art opportunities around Connecticut as deemed appropriate.