



House of Representatives

General Assembly

File No. 234

January Session, 2015

Substitute House Bill No. 6832

House of Representatives, March 26, 2015

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REPEALING THE HIGH PERFORMANCE WORK ORGANIZATION PROGRAM AND THRESHOLD PROJECT PROVISIONS CONCERNING FINANCIAL ASSISTANCE AWARDED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED.

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

1 Section 1. Subsection (a) of section 10-95f of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2015*):

4 (a) Whenever the term "regional vocational-technical school" or
5 "regional vocational-technical schools" is used or referred to in the
6 following sections of the general statutes, the term "technical high
7 school" or "technical high schools" shall be substituted in lieu thereof:
8 4-124ff, 4a-11a, 4d-83, 5-275, 8-265pp, 10-9, 10-19d, 10-19e, 10-21g, 10-
9 66p, 10-67, 10-74d, 10-76q, 10-95a, 10-95j, 10-95n, 10-95o, 10-97, 10-98a,
10 10-233d, 10-235, 10-264l, 10-283, 10-287d, 10a-55e, 10a-55g, 10a-72d,
11 17b-610, 31-3c, 31-3h, 31-3k, 31-11p, 32-4i [.] and 32-6j. [and 32-475.]

12 Sec. 2. Subdivision (3) of subsection (a) of section 32-1m of the
13 general statutes is repealed and the following is substituted in lieu
14 thereof (*Effective October 1, 2015*):

15 (3) An analysis of the economic development portfolio of the
16 department, including:

17 (A) A list of the names, addresses and locations of all recipients of
18 the department's assistance;

19 (B) The following information concerning each recipient of such
20 assistance: (i) Business activities, (ii) standard industrial classification
21 codes or North American industrial classification codes, (iii) number of
22 full-time jobs and part-time jobs at the time of application, (iv) number
23 of actual full-time jobs and actual part-time jobs during the preceding
24 state fiscal year, (v) whether the recipient is a minority or woman-
25 owned business, (vi) a summary of the terms and conditions for the
26 assistance, including the type and amount of state financial assistance,
27 job creation or retention requirements and anticipated wage rates, (vii)
28 the amount of investments from private and other nonstate sources
29 that have been leveraged by the assistance, (viii) the extent to which
30 employees of the recipient participate in health benefit plans offered
31 by such recipient, (ix) the extent to which the recipient offers unique
32 economic, social, cultural or aesthetic attributes to the municipality in
33 which the recipient is located or to the state, and (x) the amount of
34 state investment;

35 (C) A portfolio analysis, including (i) an analysis of the wages paid
36 by recipients of financial assistance, (ii) the average portfolio wage,
37 median portfolio wage, highest and lowest portfolio wage, (iii)
38 portfolio wage data by industry, and (iv) portfolio wage data by
39 municipality;

40 (D) An investment analysis, including (i) total portfolio value, (ii)
41 total investment by industry, (iii) portfolio dollar per job average, and
42 (iv) portfolio leverage ratio; and (v) percentage of financial assistance
43 which was provided to high performance work organizations in the

44 preceding state fiscal year;] and

45 (E) An analysis of the estimated economic effects of the
46 department's economic development investments on the state's
47 economy, including (i) contribution to gross state product for the total
48 economic development portfolio and for any investment activity
49 occurring in the preceding state fiscal year, (ii) direct and indirect
50 employment created by the investments for the total portfolio and for
51 any investment activity occurring in the preceding state fiscal year, (iii)
52 productivity of recipients of financial assistance as a result of the
53 department's investment occurring in the preceding state fiscal year,
54 (iv) directly or indirectly increased property values in the
55 municipalities in which the recipients of assistance are located, and (v)
56 personal income.

57 Sec. 3. Subsection (a) of section 32-7f of the general statutes is
58 repealed and the following is substituted in lieu thereof (*Effective*
59 *October 1, 2015*):

60 (a) The Commissioner of Economic and Community Development
61 shall establish an economic development grants program to provide
62 grants for the following programs and purposes:

63 (1) To develop a small business incubator program to entities
64 operating incubator facilities, as defined in section 32-34;

65 (2) To promote, retain and expand hydrogen and fuel cell industries
66 in Connecticut;

67 (3) To promote supply chain integration and encourage the
68 adoption of digital manufacturing and information technologies;

69 [(4) To provide training for small and medium-sized businesses in
70 high-performance work practices;]

71 [(5)] (4) To support the development of marine science, maritime
72 and homeland security defense industries;

73 [(6)] (5) To promote research innovation and nanotechnology; and

74 [(7)] (6) To provide technical assistance to small business owners.

75 Sec. 4. Subsection (a) of section 32-11f of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective*
77 *October 1, 2015*):

78 (a) (1) Wherever the term "Connecticut Development Authority" is
79 used in the following sections of the general statutes, the term
80 "Connecticut Innovations, Incorporated" shall be substituted in lieu
81 thereof: 3-24d, 3-24f, 3-99d, 8-134, 8-134a, 8-192, 8-192a, 8-240m, 13b-
82 79w, 16-243v, 22a-134, 22a-173, 22a-259, 22a-264, 25-33a, 32-1l, 32-3, 32-
83 4l, 32-6j, 32-9c, 32-9n, 32-9qq, 32-22b, 32-23l, 32-23o, 32-23q, 32-23r, 32-
84 23s, 32-23t, 32-23v, 32-23x, 32-23z, 32-23aa, 32-23qq, 32-23ss, 32-23tt, 32-
85 31a, 32-61, 32-68a, 32-141, 32-222, 32-223, 32-227, 32-244, 32-244a, 32-
86 262, 32-263, 32-265, 32-266, 32-285, 32-341, [32-477,] 32-500, 32-503, 32-
87 609, 32-761, 32-763 and 32-768.

88 (2) Wherever the term "authority" is used in the following sections
89 of the general statutes, the term "corporation" shall be substituted in
90 lieu thereof: 32-14, 32-15, 32-16, 32-16a, 32-17a, 32-18, 32-19, 32-22, 32-
91 22a, 32-23a, 32-23j, 32-23o, 32-23p, 32-23q, 32-23r, 32-23s, 32-23v, 32-
92 23x, 32-23y, 32-23z, 32-23bb, 32-23ii, 32-23jj, 32-23kk, 32-23ll, 32-23qq,
93 32-23ss, 32-23tt, 32-23uu, 32-23vv, 32-31a, 32-61, 32-62, 32-63, 32-64, 32-
94 65, 32-67, 32-68a, 32-262, 32-263, 32-265, 32-267, 32-269, 32-270, 32-271,
95 32-272, 32-280, 32-282, 32-285, 32-341, 32-356, 32-500, 32-503, 32-717 and
96 32-718.

97 Sec. 5. Subsection (b) of section 32-41o of the general statutes is
98 repealed and the following is substituted in lieu thereof (*Effective*
99 *October 1, 2015*):

100 (b) The proceeds of the sale of said bonds, to the extent of the
101 amount stated in subsection (a) of this section, shall be used by the
102 corporation as follows: (1) Three million dollars for the program
103 established in section 32-41j of the general statutes, revision of 1958,

104 revised to January 1, 2015; (2) five hundred thousand dollars for the
105 program established in section 32-41k of the general statutes, revision
106 of 1958, revised to January 1, 2015; (3) one million two hundred fifty
107 thousand dollars for the program established and for the eligible
108 business consortium approved in section 32-41l; and (4) seven hundred
109 fifty thousand dollars for the program established and for the eligible
110 business consortium approved in section 32-41m.

111 Sec. 6. Subsection (b) of section 32-235 of the general statutes is
112 repealed and the following is substituted in lieu thereof (*Effective*
113 *October 1, 2015*):

114 (b) The proceeds of the sale of said bonds, to the extent of the
115 amount stated in subsection (a) of this section, shall be used by the
116 Department of Economic and Community Development (1) for the
117 purposes of sections 32-220 to 32-234, inclusive, including economic
118 cluster-related programs and activities, and for the Connecticut job
119 training finance demonstration program pursuant to sections 32-23uu
120 and 32-23vv, provided (A) three million dollars shall be used by said
121 department solely for the purposes of section 32-23uu and not more
122 than five million two hundred fifty thousand dollars of the amount
123 stated in said subsection (a) may be used by said department for the
124 purposes of section 31-3u, (B) not less than one million dollars shall be
125 used for an educational technology grant to the deployment center
126 program and the nonprofit business consortium deployment center
127 approved pursuant to section 32-41l, (C) not less than two million
128 dollars shall be used by said department for the establishment of a
129 pilot program to make grants to businesses in designated areas of the
130 state for construction, renovation or improvement of small
131 manufacturing facilities, provided such grants are matched by the
132 business, a municipality or another financing entity. The
133 Commissioner of Economic and Community Development shall
134 designate areas of the state where manufacturing is a substantial part
135 of the local economy and shall make grants under such pilot program
136 which are likely to produce a significant economic development
137 benefit for the designated area, (D) five million dollars may be used by

138 said department for the manufacturing competitiveness grants
139 program, (E) one million dollars shall be used by said department for
140 the purpose of a grant to the Connecticut Center for Advanced
141 Technology, for the purposes of subdivision [(5)] (4) of subsection (a)
142 of section 32-7f, as amended by this act, (F) fifty million dollars shall be
143 used by said department for the purpose of grants to the United States
144 Department of the Navy, the United States Department of Defense or
145 eligible applicants for projects related to the enhancement of
146 infrastructure for long-term, on-going naval operations at the United
147 States Naval Submarine Base-New London, located in Groton, which
148 will increase the military value of said base. Such projects shall not be
149 subject to the provisions of sections 4a-60 and 4a-60a, (G) two million
150 dollars shall be used by said department for the purpose of a grant to
151 the Connecticut Center for Advanced Technology, Inc., for
152 manufacturing initiatives, including aerospace and defense, and (H)
153 four million dollars shall be used by said department for the purpose
154 of a grant to companies adversely impacted by the construction at the
155 Quinnipiac Bridge, where such grant may be used to offset the increase
156 in costs of commercial overland transportation of goods or materials
157 brought to the port of New Haven by ship or vessel, (2) for the
158 purposes of the small business assistance program established
159 pursuant to section 32-9yy, provided fifteen million dollars shall be
160 deposited in the small business assistance account established
161 pursuant to said section 32-9yy, and (3) to deposit twenty million
162 dollars in the small business express assistance account established
163 pursuant to section 32-7h.

164 Sec. 7. Section 32-458 of the general statutes is repealed and the
165 following is substituted in lieu thereof (*Effective October 1, 2015*):

166 [Any awarding authority, as defined in section 32-450] The
167 Commissioner of Economic and Community Development and the
168 board of directors of Connecticut Innovations, Incorporated, when
169 determining whether to grant any economic development financial
170 assistance, shall consider whether the applicant for such financial
171 assistance or any principal of such applicant (1) is currently subject to

172 litigation in civil court for a debt, or (2) has any amount of taxes due
 173 and unpaid to the state or a municipality. For purposes of this section,
 174 "economic development financial assistance" means any grant, loan or
 175 loan guarantee, or combination thereof, or any tax credit approved
 176 pursuant to section 32-9t, provided to a business for the purpose of
 177 economic development.

178 Sec. 8. Section 32-41r of the general statutes is repealed and the
 179 following is substituted in lieu thereof (*Effective October 1, 2015*):

180 This section, section 32-40, subsection (a) of section 32-41q, and
 181 sections 32-41s [,] and 32-229 [and 32-450] shall be known and may be
 182 cited as the "Economic Recovery Act of 1996".

183 Sec. 9. Sections 31-3v, 32-41j, 32-41k, 32-450 to 32-457, inclusive, and
 184 32-475 to 32-480, inclusive, of the general statutes are repealed.
 185 (*Effective October 1, 2015*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	10-95f(a)
Sec. 2	<i>October 1, 2015</i>	32-1m(a)(3)
Sec. 3	<i>October 1, 2015</i>	32-7f(a)
Sec. 4	<i>October 1, 2015</i>	32-11f(a)
Sec. 5	<i>October 1, 2015</i>	32-41o(b)
Sec. 6	<i>October 1, 2015</i>	32-235(b)
Sec. 7	<i>October 1, 2015</i>	32-458
Sec. 8	<i>October 1, 2015</i>	32-41r
Sec. 9	<i>October 1, 2015</i>	Repealer section

Statement of Legislative Commissioners:

Section 8 was added as a conforming change for consistency with section 9.

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Department of Economic & Community Development	GF - Savings	Minimal	Minimal
CT. Development Auth. (quasi-public)	Various - Savings	Minimal	Minimal

Municipal Impact: None

Explanation

The bill may result in minimal savings to the Department of Economic and Community Development (DECD) and Connecticut Innovations Incorporated (CII) by eliminating certain provisions regarding state financial assistance to businesses.

The bill eliminates (1) the requirement that state agencies prioritize “high performance work organizations” and (2) the policy that ties economic development to public policy objectives. The bill would allow these agencies to achieve administrative efficiencies by eliminating such requirements.

State agencies including DECD and CII include similar policies that emphasize public policy intentions and successful businesses in their assistance programs.

The bill also has no impact by eliminating two obsolete CII programs whose funding authorization expired in 1994.

The Out Years

The annualized ongoing fiscal impact identified above would

continue into the future subject to inflation.

OLR Bill Analysis**sHB 6832*****AN ACT REPEALING THE HIGH PERFORMANCE WORK ORGANIZATION PROGRAM AND THRESHOLD PROJECT PROVISIONS CONCERNING FINANCIAL ASSISTANCE AWARDED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED.*****SUMMARY:**

The state provides grants, loans, and other types of financial assistance to businesses building new facilities, acquiring machinery and equipment, and training workers. This bill eliminates certain policy requirements imposed on the state agencies that provide this assistance and the businesses they assist.

The bill eliminates the policy that requires certain agencies to give priority for financial assistance to those businesses that exhibit the statutorily defined characteristics of a “high performance work organization.” Those characteristics range from a commitment to continuous improvement to the use of cost-cutting methods, such as “just-in-time production.” Under current law, the Labor (DOL) and Economic and Community Development (DECD) departments and Connecticut Innovations, Inc. (CII) must determine if a business exhibits these characteristics to receive priority for financial assistance.

The bill also eliminates the policy that (1) links financial assistance to specified public policy objectives and (2) brings local officials and employee groups into the process for awarding the assistance. Under current law, DECD, CII, and their business recipients must comply with this policy when businesses request financial assistance that exceeds specified thresholds (threshold projects).

Lastly, the bill eliminates two CII programs whose funding

authorization expired in 1994. The funds were for creating manufacturing and technology deployment centers.

EFFECTIVE DATE: October 1, 2015

HIGH PERFORMANCE WORK ORGANIZATIONS

The bill eliminates the requirement that CII, DECD, and DOL give priority for financial assistance to businesses that exhibit the characteristics of a high performance work organization. Those characteristics are:

1. a commitment to continuous improvement of, and cost reductions for, products and services;
2. a decentralized decision making process that allows workers to participate in it;
3. the development of a worker-management relationship based on mutual interests and trust;
4. an organizational structure that allows flexible, cross-functional teams responsible for training, customer service, problem-solving, and product design and development;
5. a culture that allows managers to use long-range planning, coaching, and facilitation to motivate and lead employees;
6. a commitment to continuous training for all workers, including training that allows the business to meet an internationally recognized quality standard;
7. the implementation of a flexible benefits program and the use of such innovative compensation schemes as profit-sharing, gain-sharing, skill-based pay, or pay-for-performance;
8. a commitment to a safe and healthy work environment;
9. a policy or practice of asking customers and suppliers for suggestions in designing and developing products and services;

- 10. the delivery of a greater range of high-quality products at lower cost through such techniques as concurrent engineering, flexible manufacturing, and just-in-time production;
- 11. a policy or practice of paying wages and benefits as high or higher than the business’s industry average; and
- 12. the participation in a state-approved, school-to-work education program (CGS § 32-475).

THRESHOLD PROJECTS

The bill also eliminates the policy that ties economic development financing to specified policy objectives. Under that policy:

- 1. DECD and CII must state in writing the policy objectives for each of their programs and
- 2. each business they approve for funding under those programs must (a) explain how its proposed project furthers those objectives and (b) state whether and how it included municipal officials and employee groups in planning the project.

A business must comply with the latter requirements if the total amount of funding it requests exceeds specified thresholds, which vary depending on a business’s size and the amount and type of financing it requests. The threshold is \$250,000 for businesses with 25 or more employees and that apply for a grant, combination grant and loan, or loan guarantee. The threshold is \$1 million for those with over 100 full-time employees and that apply for a loan, loan guarantee, or a combination of the two.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/10/2015)