



# Senate

General Assembly

**File No. 488**

*January Session, 2015*

Senate Bill No. 697

*Senate, April 7, 2015*

The Committee on Government Administration and Elections reported through SEN. CASSANO, S. of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING AN ENTREPRENEUR LEARNER'S PERMIT PROGRAM.***

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

1 Section 1. (NEW) (*Effective October 1, 2015*) (a) The Department of  
2 Economic and Community Development, through its Office of Small  
3 Business Affairs established pursuant to section 32-9n of the general  
4 statutes, shall develop and implement an Entrepreneur Learner's  
5 Permit program to assist individuals seeking to form new businesses  
6 in the state. Under such program, the Office of Small Business Affairs  
7 shall issue Entrepreneur Learner's Permits, which shall provide the  
8 holder of such permit with a waiver of any state or municipal filing,  
9 permitting or licensing fees associated with the formation of a new  
10 business in the state. An Entrepreneur Learner's Permit shall be valid  
11 for not more than two years following its date of issuance.

12 (b) The department shall not award an Entrepreneur Learner's  
13 Permit to any individual who (1) has previously received an

14 Entrepreneur Learner's Permit, or (2) is or has been a principal of any  
15 business formed in connection with an Entrepreneur Learner's Permit.

16 (c) The department shall reimburse a municipality for the value of  
17 any municipal filing, permitting or licensing fees waived for holders of  
18 Entrepreneur Learner's Permits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	New section

**CE**      *Joint Favorable C/R*      GAE

**GAE**      *Joint Favorable*

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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
Various State Agencies	Various - Revenue Loss	Up to \$25.4 million	Up to \$33.8 million
Department of Economic & Community Development	GF - Cost	See Below	See Below
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	31,887	42,516

Note: Various=Various; GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill results in a revenue loss of up to \$26.8 million to the General Fund and up to \$7 million in other funds including the Special Transportation Fund, the Banking Fund, and other non-appropriated funds by waiving any state filing, permitting, or licensing fee associated with the formation of a new business in the state.

Additionally the bill results in a cost to the Department of Economic and Community Development (DECD) related to the administration of the program. It is anticipated that DECD would require at least two staff positions (\$55,000 for salary and \$21,258 for fringe costs per position) as well as up to \$1,000 for necessary expenses to administer the program.

There is also a potentially significant cost to the Department of

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.65% of payroll in FY 16 and FY 17.

Economic and Community Development (DECD) to reimburse municipalities for the revenue loss associated with waiving municipal permit, license, and filing fees for new businesses for two years.

This cost will depend on: 1) the number of new business starts in each municipality; 2) the types of new businesses established in the municipality; 3) the number of licenses and permits those businesses must acquire in each municipality; and 4) the revenue associated with those licenses and permits.

Based on data from the Secretary of State and the Department of Labor, it estimated that there are approximately 25,000 business start-ups each fiscal year.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*Source: Core-CT Financial Accounting System*

**OLR Bill Analysis****SB 697*****AN ACT CONCERNING AN ENTREPRENEUR LEARNER'S PERMIT PROGRAM.*****SUMMARY:**

This bill establishes an Entrepreneur Learner's Permit program to help people form a new business in the state. The Department of Economic and Community Development's (DECD) Office of Small Business Affairs must develop and implement the program and issue the permits. Permits are valid for two years and provide the permit holder with a waiver of any state or municipal filing, permitting, or licensing fees associated with forming a new business in the state.

The bill prohibits DECD from awarding a permit to anyone who (1) has previously received a permit or (2) is or was the principal of a business formed in connection with a permit.

Under the bill, DECD must reimburse a municipality for the value of any fees it waives for permit holders.

EFFECTIVE DATE: October 1, 2015

**COMMITTEE ACTION**

## Commerce Committee

Joint Favorable Change of Reference

Yea 21 Nay 0 (03/10/2015)

## Government Administration and Elections Committee

Joint Favorable

Yea 15 Nay 0 (03/18/2015)