OFFICE OF FISCAL ANALYSIS

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sSB-3
AN ACT CONCERNING DIVERSE ECONOMIC OPPORTUNITY, WORKER PROTECTIONS AND SMALL BUSINESS REVITALIZATION.

As Amended by Senate "A" (LCO 9904)

House Calendar No.: 592
Senate Calendar No.: 218

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
Department of Revenue Services	GF - Revenue Loss	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes a number of changes regarding economic development in the state, the fiscal impacts of which are described below:

Section 1 expands the stranded tax credit program by allowing businesses to exchange stranded Research & Development tax credits for human capital investments. To the extent this results in additional credits being allowed there is a potential revenue loss as early as FY 22. Any potential revenue loss may be offset in the long term by increased economic activity in the state.[1]

[1]The stranded tax credit program requires that projects or investments undertaken must generate revenues for the state that exceed the amount of credits to be utilized,

Section 2 requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development financial assistance that demonstrate a willingness to makes jobs available to individuals meeting certain criteria. This does not result in any fiscal impact.

Section 3 requires DECD, in consultation with the Department of Revenue Services, to provide quarterly reports in FY 22 regarding the hospitality industry's recovery from the COVID-19 pandemic. This does not result in any fiscal impact as it is anticipated that the agencies can produce the reports without the need for additional resources.

Section 4 requires Connecticut Innovations, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 5 requires the DECD commissioner to study the state's opportunity zone financial incentives, which can be accomplished without the need for additional agency resources.

Section 6 requires the Department of Correction (DOC) to establish a vocational village program which offers skilled trades training resulting in a cost to the agency. The cost is dependent on the existing programs that would need to be supplemented to meet the requirements of the bill and the range and scope of the programs offered per facility.

The bill requires the Office of Policy and Management to allocate federal CARES Act funds to the DOC to operate this program. The impact of this is uncertain as it is not known if any Federal CARES Act funding remains unallocated and available to use for funding this

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as determined by the DECD commissioner using an econometric analysis. The program is capped at $50 million in the aggregate.

program.

Senate "A" eliminates the original bill and its associated fiscal impact and results in the impact described above.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.