



Senate

General Assembly

File No. 620

February Session, 2022

Substitute Senate Bill No. 479

Senate, April 25, 2022

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING A COMMERCIAL DRIVER'S LICENSE TRAINING PROGRAM.

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

- 1 Section 1. (NEW) (*Effective July 1, 2022*) (a) As used in this section:
- 2 (1) "Training program" means a commercial driver's license
3 education and training program that (A) is offered by an organization
4 that is tax exempt under Section 501(c)(3) of the Internal Revenue Code
5 of 1986, or any subsequent internal revenue code of the United States,
6 as amended from time to time, (B) focuses on career workforce training
7 for a commercial driver's license and provides enrollees with hands-on
8 training and assistance with placement in permanent jobs as commercial
9 truck drivers, and (C) offers enrollees the use of an income share
10 agreement to finance such training program; and
- 11 (2) "Income share agreement" means a contract between an enrollee
12 and an organization offering a training program under which the

13 enrollee agrees to pay a percentage of such enrollee's future earnings for
14 a fixed period in exchange for funds to pay for such training program.

15 (b) (1) There is established a program to provide tuition expense
16 support to individuals seeking to obtain a commercial driver's license
17 for the purposes of establishing a career as a commercial truck driver.
18 The Office of Policy and Management shall administer the program and
19 shall establish criteria for selecting the organizations that will provide
20 training programs under such program, the amounts of funds that may
21 be provided to enrollees who have entered into an income share
22 agreement, the maximum amount of interest that an enrollee may be
23 charged, if any, under such agreement and any other requirements of
24 the program the Secretary of the Office of Policy and Management
25 deems necessary. Such training programs shall be offered at three
26 locations around the state, as determined by the secretary, provided
27 each location shall be located within a different distressed municipality,
28 as defined in section 32-9p of the general statutes.

29 (2) Any organization that is tax exempt under Section 501(c)(3) of said
30 Internal Revenue Code may apply to the Office of Policy and
31 Management, in such form and manner as the secretary prescribes, to
32 participate in the program. A participating organization shall offer the
33 option of entering into an income share agreement to individuals
34 seeking to enroll in a training program. Priority shall be given to
35 individuals who are unemployed, underemployed, disadvantaged,
36 were formerly incarcerated or are veterans, as defined in section 27-103
37 of the general statutes, provided such individuals are not subject to
38 disqualification, as defined in section 14-1 of the general statutes, or
39 subject to suspension, revocation or cancellation of operating privileges
40 in any state or the District of Columbia. Any such organization selected
41 to participate in the program may enter into an agreement with a vendor
42 to administer such income share agreements.

43 (c) There is established an account to be known as the "commercial
44 driver's license training account" which shall be a separate, nonlapsing
45 account within the General Fund. The account shall contain any moneys

46 required by law to be deposited in the account. Moneys in the account
47 shall be expended by the Office of Policy and Management for the
48 program established under this section.

49 (d) (1) For the purposes described in subdivision (2) of this
50 subsection, the State Bond Commission shall have the power from time
51 to time to authorize the issuance of bonds of the state in one or more
52 series and in principal amounts not exceeding in the aggregate six
53 million five hundred thousand dollars.

54 (2) The proceeds of the sale of such bonds, to the extent of the amount
55 stated in subdivision (1) of this subsection, shall be deposited in the
56 commercial driver's license training account and used by the Office of
57 Policy and Management for the purpose of funding initial start-up costs
58 of the program established under this section, provided one million five
59 hundred thousand dollars shall be used for necessary equipment,
60 trucks, trailers, garages and other capital expenditures for each of the
61 training program locations.

62 (3) All provisions of section 3-20 of the general statutes, or the exercise
63 of any right or power granted thereby, that are not inconsistent with the
64 provisions of this section are hereby adopted and shall apply to all
65 bonds authorized by the State Bond Commission pursuant to this
66 section. Temporary notes in anticipation of the money to be derived
67 from the sale of any such bonds so authorized may be issued in
68 accordance with section 3-20 of the general statutes and from time to
69 time renewed. Such bonds shall mature at such time or times not
70 exceeding twenty years from their respective dates as may be provided
71 in or pursuant to the resolution or resolutions of the State Bond
72 Commission authorizing such bonds. None of such bonds shall be
73 authorized except upon a finding by the State Bond Commission that
74 there has been filed with it a request for such authorization that is signed
75 by or on behalf of the Secretary of the Office of Policy and Management
76 and states such terms and conditions as said commission, in its
77 discretion, may require. Such bonds issued pursuant to this section shall
78 be general obligations of the state and the full faith and credit of the state

79 of Connecticut are pledged for the payment of the principal of and
 80 interest on such bonds as the same become due, and accordingly and as
 81 part of the contract of the state with the holders of such bonds,
 82 appropriation of all amounts necessary for punctual payment of such
 83 principal and interest is hereby made, and the State Treasurer shall pay
 84 such principal and interest as the same become due.

85 (e) On or before July 1, 2023, and annually thereafter, the Secretary of
 86 the Office of Policy and Management shall submit a report, in
 87 accordance with the provisions of section 11-4a of the general statutes,
 88 to the Governor and the joint standing committees of the General
 89 Assembly having cognizance of matters relating to transportation,
 90 labor, commerce and finance, revenue and bonding. Such report shall
 91 include, but not be limited to, a progress report on the operations of the
 92 program established under this section, the number of individuals who
 93 have enrolled in the program in the preceding fiscal year, the number of
 94 enrollees who have completed the program in the preceding fiscal year
 95 and the number of enrollees who have obtained a permanent job as a
 96 commercial truck driver in the preceding fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2022	New section

Statement of Legislative Commissioners:
 In Subsec. (d)(2), "this program" was changed to "this section" for accuracy.

FIN Joint Favorable Subst. -LCO

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 23 \$	FY 24 \$
Policy & Mgmt., Off.	GF - Cost	Up to 100,000	Up to 200,000
State Comptroller - Fringe Benefits ¹	GF - Cost	Up to 40,000	Up to 80,000
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill establishes a program, administered by the Office of Policy and Management (OPM), to provide tuition expense support to people seeking a commercial driver's license to become a commercial truck driver.

It is anticipated that OPM will need to hire up to two positions, a project manager and a planning analyst, to administer the program. These positions have an annual cost of \$280,000 (\$200,000 in salary and \$80,000 fringe). It is anticipated this cost would first be incurred in FY 24 as it is assumed the start date for these positions would be 1/1/23.

The bill authorizes \$6.5 million in General Obligation bonding for the purpose of funding initial start-up costs for the commercial driver's license program, to be administered by the Office of Policy and Management. To the extent bonds are fully allocated and expended,

¹The 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 40.53% of payroll in FY 23.

total debt service is expected to be approximately \$9.3 million over the 20-year duration of the bonds.

The Out Years

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

OLR Bill Analysis**sSB 479*****AN ACT ESTABLISHING A COMMERCIAL DRIVER'S LICENSE TRAINING PROGRAM.*****SUMMARY**

This bill establishes a program, administered by the Office of Policy and Management (OPM), to provide tuition expense support to people seeking a commercial driver's license (CDL) to become a commercial truck driver. OPM must select to receive funding under the bill "training programs" offered by charitable nonprofits, which must offer enrollees the use of "income share agreements" to finance their training. These selected programs must be offered at three locations around the state, as the OPM secretary determines, provided each is in a different distressed municipality (see BACKGROUND).

The bill funds the program's start-up costs by authorizing up to \$6.5 million in general obligation bonds, which are subject to standard statutory bond issuance procedures and repayment requirements. It earmarks \$1.5 million of this amount for necessary equipment, trucks, trailers, garages, and other capital expenditures for each of the program locations. The bill establishes within the General Fund the nonlapsing "commercial driver's license training account," which must contain the bond funds and any other funds the law requires to be deposited into it. OPM must use funds in the account for the program.

EFFECTIVE DATE: July 1, 2022

TRAINING PROGRAM

Under the bill, a "training program" is a CDL education and training program offered by a charitable nonprofit (i.e., one that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code) that (1) focuses on career workforce training for a CDL, (2) provides enrollees with hands-

on training and permanent commercial truck driver job placement assistance, and (3) offers enrollees the use of an “income share agreement” to finance their training.

An “income share agreement” is a contract between an enrollee and an organization offering a training program in which the enrollee agrees to pay a percentage of his or her future earnings for a fixed period in exchange for funding to cover the training program’s costs.

PROGRAM ADMINISTRATION

Under the bill, OPM must establish criteria for the following:

1. selection of nonprofit training program providers,
2. the amounts of funding that may be provided to enrollees who have entered an income share agreement,
3. the maximum amount of interest, if any, that enrollees may be charged under these agreements, and
4. any other requirements the secretary deems necessary.

Nonprofits may apply to OPM, as the secretary prescribes, to participate in the program. Participating organizations must give priority to individuals who are unemployed, underemployed, disadvantaged, or veterans or who were previously incarcerated, as long as the individuals are not disqualified to drive a commercial motor vehicle or subject to operating privilege suspension, revocation, or cancellation in any state.

Under the bill, selected organizations may enter into vendor agreements to administer income share agreements.

REPORTING

Beginning July 1, 2023, the OPM secretary must annually submit a progress report on the program’s operations to the governor and the Transportation; Labor; Commerce; and Finance, Revenue and Bonding committees. The report must include, for the previous fiscal year, the

number of (1) program enrollees, (2) enrollees completing the program, and (3) enrollees getting a permanent commercial truck driving job.

BACKGROUND

Distressed Municipalities

The Department of Economic and Community Development annually designates distressed municipalities based on factors including high unemployment and poverty, aging housing stock, and low or declining rates of job, population, and per capita income growth (CGS § 32-9p). The current (2021) distressed municipalities are Ansonia, Bridgeport, Chaplin, Derby, East Hartford, East Haven, Griswold, Groton, Hartford, Meriden, Montville, New Britain, New London, Norwich, Plainfield, Putnam, Sprague, Sterling, Stratford, Torrington, Voluntown, Waterbury, West Haven, Winchester, and Windham.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 40 Nay 11 (04/06/2022)