
OLR Bill Analysis

sSB 980

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE, ESTABLISHING PROGRAMS TO FUND PROJECTS IN HIGH POVERTY-LOW OPPORTUNITY CENSUS TRACTS AND PROVIDE EXEMPTIONS FROM THE INCOME TAXES FOR RESIDENTS OF SUCH TRACTS, AND ESTABLISHING A REPORTING REQUIREMENT FOR CERTAIN STATE PROJECTS.

SUMMARY

This bill authorizes up to \$2.205 billion for FY 24 and \$2.168 billion for FY 25 in state general obligation (GO) bonds for state capital projects and grant programs. This includes housing development and rehabilitation programs, school air quality improvement, school construction grants, economic development, and municipal aid programs. It also includes authorizations for the following:

1. a \$600 million, four-year bonding program (from FYs 24-27) for the Department of Energy and Environmental Protection (DEEP) to use in retrofitting projects for multi-family residences in environmental justice communities; and
2. a \$1.65 billion, 10-year bonding program, administered by the Department of Economic and Community Development (DECD), to fund qualifying capital projects and programs in eligible census tracts designated as “high poverty-low opportunity census tracts.”

The bill authorizes up to \$1.548 billion in new special tax obligation (STO) bonds for FY 24 and \$1.531 billion for FY 25 for transportation projects. It authorizes up to \$25 million in revenue bonds for FY 25 for Clean Water Fund loans. It also cancels or reduces \$90 million in current GO bonds authorizations.

Among its other changes, the bill establishes a 100% state income tax

exemption for eligible homeowners and renters living in census tracts designated as high poverty-low opportunity census tracts. It eliminates a homeownership incentive program authorized for Hartford that allows a 100% state income tax exemption for residents meeting specified criteria. It also makes technical and conforming changes, including eliminating an obsolete provision (§ 61).

EFFECTIVE DATE: July 1, 2023, for FY 24 authorizations, and July 1, 2024, for FY 25 authorizations; remaining sections are effective July 1, 2023, unless otherwise noted.

§§ 1-38, 55, 81-82, 84 & 86 — NEW BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The bill authorizes new GO bonds for FYs 24 and 25 for the state projects and grant programs listed in the table below. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The bill includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table: GO Bond Authorizations for State Projects and Grant Programs for FYs 24 and 25

§§	Agency	For	FY 24	FY 25
STATE CAPITAL PROJECTS				
2(a)	Office of Legislative Management	State Capitol alterations, renovations, and restoration, including interior and exterior restoration and Americans with Disabilities Act (ADA) compliance	\$35,000,000	\$0
2(b), 21(a)	Office of Policy and Management (OPM)	Information technology capital investment program	65,000,000	65,000,000
2(c),	Department of	Remove or encapsulate asbestos	2,500,000	2,500,000

§§	Agency	For	FY 24	FY 25
21(b)	Administrative Services (DAS)	and hazardous materials in state-owned buildings		
		Infrastructure repairs and improvements, including (1) fire, safety, and ADA compliance; (2) improvements to state-owned buildings and grounds, including energy conservation and off-site improvements; (3) preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for additional parking; and (4) security improvements at state-occupied buildings	12,500,000	12,500,000
		Capital Area System upgrades and modernization	19,000,000	0
		Electric vehicle purchases and charging infrastructure construction and installation at state facilities	35,000,000	0
2(d), 21(c)	Department of Emergency Services and Public Protection (DESPP)	Alterations, renovations, and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation projects	1,750,000	15,750,000
		Alterations, renovations, improvements, and repairs for an Emergency Vehicle Operations Course	5,000,000	0
2(e), 21(d)	Military Department	State matching funds for anticipated federal reimbursable projects	300,000	200,000
		Alterations, renovations, and improvements to buildings and grounds, including utilities, mechanical systems, and energy conservation	5,000,000	3,000,000
2(f), 21(e)	DEEP	Recreation and Natural Heritage Trust Program: recreation, open space, and resource protection and management	3,000,000	3,000,000
		Alterations, renovations, and new construction at state parks and other recreation facilities, including ADA improvements	30,000,000	30,000,000
		(1) Water pollution control projects at state facilities and (2) regional	600,000	1,000,000

§§	Agency	For	FY 24	FY 25
		planning agencies' engineering reports		
		Projects in state buildings and assets that decrease environmental impacts, including renewable energy or combined heat and power projects and projects to (1) improve energy efficiency; (2) reduce greenhouse gas emissions from building heating and cooling, including by installing renewable thermal heating systems; (3) expand electric vehicle charging infrastructure to support charging on state property; (4) reduce water use; and (5) reduce waste generation and disposal	25,000,000	25,000,000
		Flood control improvements, flood repair, erosion damage repairs, and municipal dam repairs	1,250,000	1,250,000
		Dam repairs, including state-owned dams	0	2,500,000
2(g), 21(f)	Capital Region Development Authority (CRDA)	Connecticut Convention Center and Rentschler Field: alterations, renovations, and improvements	17,000,000	17,000,000
		Parking garages in Hartford: alterations, renovations, and improvements	5,000,000	5,000,000
		XL Center: alterations, renovations, and improvements, including acquisition of abutting real estate and rights-of-way	15,000,000	0
2(h)	Office of the Chief Medical Examiner	Farmington facility: alterations, renovations, and additions	28,000,000	0
2(i), 21(g)	Department of Mental Health and Addiction Services	(1) Fire, safety, and environmental improvements to regional facilities and intermediate care facilities for client and staff needs, including compliance with current codes, and (2) site improvements, handicapped access improvements, utilities, repair or replacement of roofs, air conditioning, and other building renovations and additions at all state-owned facilities	36,090,000	30,990,000

§§	Agency	For	FY 24	FY 25
		Design and install sprinkler systems and related fire safety improvements in direct care patient buildings	12,450,000	0
2(j), 21(h)	State Library	Middletown Library Service Center renovation	400,000	355,000
2(k), 21(i)	UConn Health Center	Deferred maintenance, code compliance, and infrastructure improvements	30,000,000	30,000,000
		Systems telecommunications infrastructure upgrades, improvements, and expansions	3,000,000	3,000,000
2(l), 21(j)	Connecticut State Colleges and Universities	System telecommunications infrastructure upgrades, improvements, and expansions	16,450,000	9,000,000
		Advanced manufacturing and emerging technology programs	4,000,000	3,000,000
		All state colleges and universities: security improvements	3,000,000	3,000,000
		All universities: deferred maintenance, code compliance, and infrastructure improvements	50,000,000	70,200,000
		All universities: new and replacement instruction, research, or laboratory equipment	36,000,000	25,000,000
		All community colleges: deferred maintenance, code compliance, and infrastructure improvements	64,000,000	32,600,000
		All community colleges: new and replacement instruction, research, or laboratory equipment	34,000,000	23,000,000
2(m), 21(k)	Department of Correction	Alterations, renovations, and improvements to existing state-owned buildings for inmate housing, programming, staff training space, and additional inmate capacity; support facilities; and off-site improvements	35,000,000	35,000,000
2(n), 21(l)	Judicial Department	Alterations, renovations, and improvements to buildings and grounds at state-owned and maintained facilities	10,000,000	10,000,000
		Security improvements at various state-owned and maintained facilities	2,000,000	2,000,000
		Alterations and improvements in	1,000,000	1,000,000

§§	Agency	For	FY 24	FY 25
		compliance with the ADA		
		Technology Strategic Plan Project implementation	2,000,000	2,000,000
81	Secretary of the State	(1) Purchasing and deploying tabulators and related equipment, (2) purchasing equipment and services to implement and integrate the centralized voter registration system, and (3) purchasing equipment and software to improve the business recording system's operation and business services division's functions	30,000,000	3,000,000
84	Connecticut Municipal Redevelopment Authority	Capitalization	60,000,000	0
86	DECD	Office of Community Economic Development Assistance's duties	60,000,000	60,000,000
HOUSING PROJECTS				
9, 28	Department of Housing (DOH)	Housing development and rehabilitation, including improvements to certain kinds of state-assisted affordable housing and housing-related financial assistance programs, including administrative expenses	50,000,000	50,000,000
82		Time to Own program, including grants or forgivable loans for capital improvements for qualifying events	75,000,000	75,000,000
GRANTS				
13(a), 32(a), 55	OPM	Grants to distressed municipalities	7,000,000	7,000,000
		Grants to private, nonprofit, tax-exempt health and human service organizations that receive state funds to provide direct health or human services to state agency clients: alterations, renovations, improvements, additions, and new construction, including (1) health, safety, ADA compliance, and energy conservation improvements; (2) information technology systems; (3) technology for independence; (4) vehicle purchases; and (5)	25,000,000	25,000,000

§§	Agency	For	FY 24	FY 25
		property acquisition		
		Grants for regional and local improvements and development	20,000,000	20,000,000
		Grants to municipalities (§ 55; specifies the grant amounts for each municipality)	91,000,000	91,000,000
13(b), 32(b)	DEEP	Grants to municipalities for open space land acquisition and development for conservation or recreational purposes	10,000,000	10,000,000
		Grants to contain, remove, or mitigate identified hazardous waste disposal sites	19,000,000	17,000,000
		Grants to identify, investigate, contain, remove, or mitigate contaminated industrial sites in urban areas	2,500,000	2,500,000
		Grants to municipalities for (1) testing for pollution from perfluoroalkyl and polyfluoroalkyl (PFAS) substances, (2) providing potable water to people affected by this pollution, (3) remedial action to address this pollution, and (4) buyback of aqueous film-forming foam containing these substances	3,000,000	2,000,000
		Grants to provide matching funds necessary for municipalities, local and regional boards of education, and school bus operators to submit federal grant applications to maximize federal funding for (1) purchasing or leasing zero-emission school buses and (2) electric vehicle charging or fueling infrastructure	10,000,000	10,000,000
		Microgrid and resilience grant and loan pilot program	5,000,000	25,000,000
13(c), 32(c)	DECD	Brownfield Remediation and Revitalization program	35,000,000	35,000,000
		Small Business Express program	25,000,000	25,000,000
		Connecticut Manufacturing Innovation Fund	20,000,000	15,000,000
13(d), 32(d)	Department of Public Health	Grants to public water systems for drinking water projects	25,000,000	25,000,000
		Grants to local and regional	5,500,000	0

§§	Agency	For	FY 24	FY 25
		boards of education for purchasing, installing, and maintaining water bottle filling stations at schools		
13(e), 32(e)	State Department of Education (SDE)	Grants to assist targeted local and regional boards of education for alterations, repairs, improvements, technology, and equipment in low-performing schools	5,000,000	5,000,000
		Grants to organizations operating promise programs to provide scholarships to increase access to higher education for city residents; for each year, earmarks at least (1) \$2.5 million for one of these organizations for Waterbury residents and (2) \$2.5 million for one for Bridgeport residents	7,000,000	7,000,000
13(f), 32(f)	Office of Early Childhood	Grants for constructing, improving, or equipping child care centers, including paying associated costs for architectural, engineering, or demolition services related to the infant and toddler pilot program	5,000,000	5,000,000
13(g), 32(g)	State Library	Grants to public libraries for constructing, renovating, expanding, energy conservation, and handicapped accessibility (see § 60)	5,000,000	5,000,000
13(h), 32(h)	CRDA	Grant to East Hartford for general economic development activities, including (1) developing riverfront infrastructure and improvements, (2) creating housing units through rehabilitation and new construction, (3) demolishing or redeveloping vacant buildings, and (4) redevelopment	10,000,000	10,000,000

§§ 39-50 — TRANSPORTATION BONDS

The bill authorizes up to \$1.548 billion in new STO bonds in FY 24 and \$1.531 billion in FY 25 for Department of Transportation (DOT) projects, as shown in the table below.

Table: STO Bond Authorizations for DOT Projects

<i>Authorized Program Areas</i>	<i>FY 24</i>	<i>FY 25</i>
<i>Bureau of Engineering and Highway Operations</i>		
Interstate highway program	\$50,346,000	\$15,400,000
Urban systems projects	22,000,000	22,000,000
Intrastate highway program	86,000,000	88,000,000
Environmental compliance, soil and groundwater remediation, hazardous material abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or near state-owned properties or related to DOT operations	15,350,000	17,065,000
State bridge improvement, rehabilitation, and replacement	57,500,000	58,200,000
Capital resurfacing and related reconstruction	125,000,000	135,000,000
Fix-it-First bridge repair program	51,500,000	62,250,000
Fix-it-First road repair program	152,115,000	180,729,000
Local Transportation Capital Program	76,000,000	78,000,000
Local bridge program	20,000,000	20,000,000
Highway and bridge renewal equipment	22,513,000	22,513,000
Community connectivity and alternative mobility program	15,000,000	15,000,000
Transportation Rural Improvement Program	10,000,000	10,000,000
Purchase and installation of advanced wrong-way driving technology	20,000,000	20,000,000
<i>Bureau of Public Transportation</i>		
Bus and rail facilities and equipment, including rights-of-way, other property acquisition, and related projects	264,250,000	273,450,000
Northeast Corridor Modernization Match Program	398,165,000	438,175,000
<i>Bureau of Administration</i>		
Department facilities	161,960,000	74,990,000

§§ 51-54, 56-59, 61-64 & 66-67 — BOND AUTHORIZATIONS FOR STATUTORY PROGRAMS AND GRANTS

The bill increases bond authorizations for various statutory grants and purposes and authorizes new bonding for these purposes for FYs 24 and 25, as shown in the table below.

Table: Statutory Bond Authorizations for FYs 24 and 25

§	Agency	Purpose/Fund	FY 24	FY 25
51	OPM	Urban Action (economic and community development project grants)	\$100,000,000	\$100,000,000
52	OPM	Small Town Economic Assistance Program	35,000,000	35,000,000

§	Agency	Purpose/Fund	FY 24	FY 25
53	OPM	Capital Equipment Purchase Fund	25,000,000	25,000,000
54	OPM	Local Capital Improvement Program	60,000,000	60,000,000
56	DOH	Housing Trust Fund; requires DOH to provide at least \$200 million to the Connecticut Housing Finance Authority to administer a revolving loan fund for workforce housing projects	150,000,000	150,000,000
57	SDE	Charter school capital expenses	5,000,000	5,000,000
58	DAS	School air quality improvement grants	150,000,000	150,000,000
59	DAS	School construction projects	0	250,000,000
61	DOT	Commercial rail freight line competitive grant program	10,000,000	0
62	DEEP	Clean Water Fund grants	40,000,000	40,000,000
63	DEEP	Clean Water Fund loans (revenue bonds)	0	25,000,000
64	DEEP	Connecticut bikeway, pedestrian walkway, recreational trail, and greenway grant program	10,000,000	10,000,000
66	DOH	Housing Receivership Revolving Fund	25,000,000	25,000,000
67	SDE	School security infrastructure competitive grant program	10,000,000	10,000,000

§ 60 — CONSTRUCTION GRANTS TO PUBLIC LIBRARIES

Current law authorizes the State Library Board to award grants for public library construction for up to one-half of a project's total construction costs, subject to a \$1 million per project cap. For project applications submitted on or after July 1, 2023, the bill increases the (1) grant amount allowed for projects in distressed municipalities (see BACKGROUND) to up to 80% of the total construction costs and (2) maximum grant allowed for any project to \$2 million. As under current law, the grants are subject to the board's approval and available funding.

§ 65 — MANUFACTURING ASSISTANCE ACT

Under current law, the Manufacturing Assistance Act (MAA) earmarks \$2 million per year from FYs 17-21 (\$10 million total) to fund the Technology Talent Advisory Committee's costs. The bill instead authorizes up to \$10 million in MAA bonds to be used for this purpose beginning July 1, 2023.

Existing law establishes the Technology Talent Advisory Committee

within DECD to identify shortages of qualified employees in specific technology sectors and develop pilot programs to address those shortages.

§§ 68-75 & 77-78 — BOND CANCELLATIONS AND REDUCTIONS

The bill cancels or reduces, by a total of \$90 million, all or part of current bond authorizations for the projects and grants shown in the table below.

Table: Cancellations and Reductions

§	Agency and Purpose	Current Authorization	Amount Cancelled
69	DAS: Grants to municipalities for a regional school district incentive grant	\$5,000,000	\$5,000,000
71	DAS: Grants to alliance districts for general improvements to school buildings	30,000,000	12,000,000
73	DOT: Construction, repair, or maintenance of highways, roads, bridges, or bus and rail facilities and equipment	180,000,000	50,000,000
75	DAS: Grants to alliance districts for general improvements to school buildings	6,000,000	6,000,000
77	OPM: Grant to the Commission on Gun Violence Prevention and Intervention	12,000,000	12,000,000
78	Connecticut Port Authority: port projects in towns other than New Haven, New London, or Bridgeport	25,000,000 (\$5 million in each year from FY 22-26)	5,000,000 (\$2.5 million reduction in FYs 24 and 25)

§ 76 — DEEP AUTHORIZATION FOR PROJECTS THAT DECREASE ENVIRONMENTAL IMPACTS

The bill modifies the purpose for an existing \$10 million GO bond authorization to DEEP for projects in state buildings and assets that decrease environmental impacts. Under current law, the bonds may be used for projects that expand electric vehicle charging infrastructure to support charging state-owned or leased electric vehicles. The bill instead authorizes them for projects that support electric vehicle charging infrastructure on state property.

EFFECTIVE DATE: Upon passage

§ 79 — STATE MATCHING FUNDS FOR PROJECTS AND PROGRAMS ALLOWED UNDER FEDERAL LAW

Current law authorizes up to \$75 million in GO bonds for OPM to use as state matching funds for projects and programs allowed under the federal Infrastructure Investment and Jobs Act. The bill additionally allows OPM to use this authorization for state matching funds for projects and programs allowed under the federal Inflation Reduction Act of 2022.

EFFECTIVE DATE: Upon passage

§ 80 — BONDS FOR CAREERCONNECT WORKFORCE TRAINING PROGRAMS

The bill allocates to the Office of Workforce Strategy (OWS) \$40 million in GO bonds currently authorized for DECD for CareerConneCT workforce training programs, and requires OWS to administer them.

§ 83 — RETROFITTING PROJECTS FOR MULTI-FAMILY RESIDENCES IN ENVIRONMENTAL JUSTICE COMMUNITIES

The bill authorizes up to \$600 million in GO bonds (\$150 million per year from FYs 24-27) for DEEP to use in retrofitting projects for multi-family residences in environmental justice communities (see *Related Bills*).

By law, an “environmental justice community” is (1) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not institutionalized and have an income below 200% of the federal poverty level or (2) a distressed municipality (CGS § 22a-20a).

§ 85 — BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

The bill authorizes up to \$15 million in GO bonds for DECD to give grants to business and industrial development corporations (BIDCO) whose primary purposes are to:

1. provide financing and management assistance to minority- and

women-owned small businesses that serve or seek to serve underserved or minority communities,

2. provide education and training to these businesses and communities, and
3. work collaboratively with similar organizations and lenders to promote economic development and growth in these communities.

Under the bill, an entity that has applied to the state Department of Banking for a BIDCO license and meets all but one of the statutory requirements for licensure is eligible for the grant. Specifically, the entity must (1) have directors and officers of good character who can competently conduct the corporation's affairs, (2) be likely to comply with the state's BIDCO laws and regulations, and (3) promote the public convenience and advantage. The entity does not need to meet the minimum net worth requirement for BIDCO licensure to qualify (i.e., have a net worth of more than \$2.5 million and be able to adequately cover the cost of doing business as a BIDCO).

DECD may award up to \$5 million per BIDCO or applicant for BIDCO licensure. Any BIDCO awarded a grant may use up to 10% of it for operational costs and to fund a loan loss reserve fund.

§ 87 — 10-YEAR BONDING PROGRAM FOR HIGH POVERTY-LOW OPPORTUNITY CENSUS TRACTS

The bill authorizes a 10-year, \$1.65 billion bonding program, administered by DECD, to fund qualifying capital projects and programs in eligible census tracts designated as "high poverty-low opportunity census tracts." Under the bill, these are census tracts in which 30% or more of the residents have incomes below the federal poverty level, according to the most recent five-year U.S. Census Bureau's American Community Survey (see BACKGROUND). The bill authorizes up to \$165 million in GO bonds per year from FYs 24-33 for the program.

Under the bill, the OPM secretary must (1) compile a list of these

census tracts and the municipalities they are in; (2) submit it to the legislature by July 31, 2023; (3) post it on OPM's website; and (4) review and update it as necessary, including providing updates to the General Assembly.

Authorized Purposes

The bill authorizes DECD to use the bond proceeds for the following purposes within the designated tracts to benefit their residents:

1. building, renovating, and rehabilitating mixed-income housing;
2. establishing or improving workforce development programs;
3. establishing or improving preschool education, enrichment, or day care programs;
4. establishing or improving primary and secondary education programs;
5. building, renovating, or rehabilitating public infrastructure; and
6. establishing or improving early intervention programs to prevent and reduce gun violence.

Application and Review Process

The bill allows any municipality in which a high poverty-low opportunity census tract is located to apply for a grant to the DECD commissioner, as she specifies, for each fiscal year from FYs 24-33. By January 1, 2024, the commissioner must set the (1) criteria for awarding the grants; (2) documentation and information required from municipalities to evaluate their applications; and (3) deadlines for submitting applications and the governor's recommended revisions, as described below. She must post these criteria and requirements on DECD's website and notify each municipality in which a qualifying census tract is located of the posting.

DECD must review and evaluate each application and work with the applicant to revise it if DECD believes that will improve or strengthen it. Each fiscal year, the commissioner must submit all initial or revised

applications it received to the governor, who in turn must review them and may recommend changes. Any municipality for which the governor recommends a change may submit a revised application to the DECD commissioner, who must then forward it to the governor. Each finalized application the governor approves must be considered at a State Bond Commission meeting within two months after the date DECD sent the application to the governor. (It is unclear whether this two-month timeframe is based on the date DECD sent the original or revised application.)

Grant Awards

The governor may award the grant from the bonds authorized under this new bonding program or other bond proceeds authorized for the general purposes described above. Each grant awarded under the program must be for \$3 million per fiscal year, for a three-year period (i.e., \$9 million).

Evaluation

At the end of this initial three-year period, the commissioner must evaluate the municipality's progress towards reducing the poverty rate of residents within the respective census tract. If she finds that the municipality made reasonable progress, the municipality may apply for additional grants under the program. The bill specifies that any subsequent grant applications are subject to the bill's application and review process and post-grant evaluation and determination.

Reporting Requirement

Annually, starting by August 1, 2024, the commissioner must report to the General Assembly on the program and include the following information for the preceding fiscal year:

1. the municipalities that submitted applications and were awarded grants;
2. a description of each purpose and project municipalities awarded grants are undertaking or trying to accomplish;
3. a progress report for each of these purposes or projects, if

applicable; and

4. any other information she finds relevant.

§§ 88 & 90 — HOMEOWNERSHIP AND TENANT RETENTION PROGRAM FOR HIGH POVERTY-LOW OPPORTUNITY CENSUS TRACTS

The bill establishes a 100% state income tax exemption for eligible homeowners and renters living in census tracts designated as “high poverty-low opportunity census tracts” to encourage homeownership and tenant retention in these areas. As under the bonding program described above, these are census tracts in which 30% or more of the residents have incomes below the federal poverty level, according to the most recent five-year U.S. Census Bureau’s American Community Survey. Each municipality in which a qualifying census tract is located must (1) implement an outreach program to publicize the program to qualifying residents and (2) consult with the OPM secretary and Department of Revenue Services (DRS) commissioner in doing so.

The bill also eliminates a homeownership incentive program currently authorized for Hartford that allows a 100% state income tax exemption for residents meeting specified criteria. To date, Hartford has not implemented the program. Under current law, Hartford must designate at least two census tracts for the program that have a homeownership rate of 15% or less. Residents of these designated areas receive an income tax exemption if they are (1) owners of owner-occupied homes (generally residential structures with three or fewer units) or (2) renters of their primary residence who graduated from a four-year college within two years before signing the lease agreement.

EFFECTIVE DATE: July 1, 2023; the income tax exemption is applicable to tax years starting on or after January 1, 2023.

Tax Exemption Eligibility Criteria

The bill’s income tax exemption is for owners of owner-occupied homes and eligible renters in the qualifying census tracts (i.e., “qualifying residents”) that meet specified residency and income requirements. “Owner-occupied homes” are one- to three-unit

dwellings in which one unit is the building's owner's primary residence. It includes those that are part of a common interest community (e.g., condominium) with three or fewer units. "Eligible renters" are people who lease and occupy a dwelling unit as their primary residence.

Under the bill, the exemption applies if the qualifying resident has (1) lived in a qualifying census tract for at least two years and (2) federal adjusted gross income of \$125,000 (for those filing as single, married filing separately, or a head of household) or \$200,000 (for joint filers). It applies to the personal income tax, but not the withholding tax. Those eligible for the earned income tax credit may continue to claim it.

Qualifying residents may continue to claim the exemption as long as they live in a qualifying census tract for an entire calendar year. If they move from one qualifying tract to another, without an intervening break, they are deemed to be continuously living in a qualifying census tract for purposes of calculating the two-year residency requirement. They must give the DRS commissioner any information he needs to substantiate their eligibility for the exemption.

Exemption Phase-Out

The exemption lasts until the percentage of residents living within the qualifying census tract with incomes below the federal poverty level equals or exceeds the average for all of the municipalities contiguous to the municipality in which the tract is located. At that point, the municipality must notify the residents and DRS and the exemption is phased out over five years. The phase-out must reduce the value of the exemption by 20% per tax year until the residents are liable for 100% of the income taxes owed. The municipality and qualifying residents must give DRS any information it needs for the phase out.

Reporting Requirement

Annually, beginning by July 1, 2024, the DRS commissioner must report to the Finance, Revenue and Bonding Committee and include the following:

1. how many individuals claim this exemption,

2. an estimate of the associated revenue loss,
3. the municipalities in which qualifying residents claiming the exemption live, and
4. any other information the commissioner finds informative to assess the exemption's impact and effectiveness.

§ 89 — DAS STATUS REPORT ON SPECIFIED CAPITAL PROJECTS

Beginning by October 1, 2023, the bill requires DAS to report quarterly to the Finance, Revenue and Bonding and Government Administration and Elections committees on the status of the following projects:

1. the design, alteration, renovation, and construction of the Office of the Chief Medical Examiner's facilities and
2. the design, rehabilitation, and construction of the Greater Bridgeport Community Mental Health Center's parking garage, surface parking, and related work.

EFFECTIVE DATE: Upon passage

BACKGROUND

Distressed Municipalities

By law, the DECD commissioner must annually designate distressed municipalities based on a combination of economic, education, demographic, and housing criteria. In 2022, the following 25 municipalities were designated as distressed:

Ansonia	Hartford	Putnam
Bridgeport	Meriden	Sprague
Bristol	Montville	Sterling
Chaplin	New Britain	Torrington
Derby	New London	Waterbury
East Hartford	North Stonington	West Haven
East Haven	Norwich	Winchester
Griswold	Plainfield	Windham

Groton

Census Tracts With Poverty Rates of 30% or More

Based on data from the U.S. Census Bureau's 2021 American Community Survey, 64 census tracts in 12 municipalities in Connecticut had a poverty rate of 30% or more. The table below lists these municipalities, indicates the total number of tracts in each one, and provides the tract numbers. It excludes any census tracts for which poverty rate data is not available.

Table: Census Tracts in Connecticut With a Poverty Rate of 30% or More

<i>Municipality</i>	<i>Number of Census Tracts With Poverty Rate of 30% or More</i>	<i>Tract Numbers</i>
Bridgeport	11	703, 705, 706, 709, 712, 714, 716, 735, 737, 738, 743
Enfield	1	4806
Hartford	19	5001, 5002, 5003, 5009, 5012, 5013, 5014, 5015, 5017, 5018, 5024, 5027, 5028, 5030, 5031.02, 5037, 5038, 5041, 5042
Mansfield	2	8812, 8813
Meriden	3	1701, 1709, 1710
Middletown	1	5416
New Britain	5	4158, 4159, 4160, 4162, 4171
New Haven	10	1401.02, 1403, 1406, 1408, 1415, 1421, 1423, 1424, 1427, 3614.01
New London	2	6904, 8703
Stamford	1	221.01
Waterbury	7	3501.01, 3502, 3504, 3505, 3508, 3523, 3524
Windham	2	8003, 8006

Source: U.S. Census Bureau's 2021 American Community Survey

Related Bills

sSB 4 (File 203), favorably reported by the Housing Committee, requires DEEP, in coordination with DOH, to establish a pilot program providing grants for certain multi-family retrofitting projects in units located in multi-family homes built before 1980 and located in environmental justice communities. It appropriates \$600 million to

DEEP from the General Fund for FY 24 for the program.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 40 Nay 11 (04/19/2023)