



House of Representatives

General Assembly

File No. 403

February Session, 2024

House Bill No. 5278

House of Representatives, April 10, 2024

The Committee on Planning and Development reported through REP. KAVROS DEGRAW of the 17th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING INCENTIVES FOR TRANSIT-ORIENTED DEVELOPMENT.

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

1 Section 1. Section 8-190 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2024*):

3 The commissioner is authorized to make planning grants and special
4 planning grants to municipalities to facilitate the planning of
5 development projects, provided [(a)] (1) no such grant shall be made in
6 an amount in excess of fifty per cent of the estimated reasonable cost of
7 such planning as determined by said commissioner, and [(b)] (2) the
8 municipal share of such planning costs may be paid in noncash
9 contributions, the value of such contributions to be determined by the
10 commissioner. Planning grants and special planning grants may be
11 made in amounts up to one hundred per cent of such planning costs (A)
12 to any distressed municipality, as defined in section 32-9p, [in amounts
13 up to one hundred per cent of such planning costs] or (B) for any project

14 that qualifies as transit-oriented development, as defined in section 13b-
15 79o, if the commissioner determines that there is a substantial likelihood
16 that the planned development project will be consummated. Special
17 planning grants may be authorized for development projects consisting,
18 predominantly, of industrial buildings, which it is anticipated, within
19 eighteen months, shall have more than fifty per cent of the usable floor
20 area unused or substantially underutilized and shall result in significant
21 unemployment. Said commissioner may consult with and advise any
22 development agency in the preparation of a plan for a development
23 project.

24 Sec. 2. Subsection (b) of section 16a-35c of the general statutes is
25 repealed and the following is substituted in lieu thereof (*Effective October*
26 *1, 2024*):

27 (b) The Secretary of the Office of Policy and Management, in
28 consultation with the Commissioners of Economic and Community
29 Development, Housing, Energy and Environmental Protection,
30 Administrative Services, Agriculture and Transportation, the regional
31 councils of governments in the state and any other persons or entities
32 the secretary deems necessary, shall develop recommendations for
33 delineation of the boundaries of priority funding areas in the state and
34 for revisions thereafter. In making such recommendations, the secretary
35 shall consider areas designated as regional centers, growth areas,
36 neighborhood conservation areas and rural community centers on the
37 state plan of conservation and development, redevelopment areas,
38 distressed municipalities, as defined in section 32-9p, any area suitable
39 for transit-oriented development, as defined in section 13b-79o, targeted
40 investment communities, as defined in section 32-222, public
41 investment communities, as defined in section 7-545, enterprise zones,
42 designated by the Commissioner of Economic and Community
43 Development under section 32-70 and corridor management areas
44 identified in the state plan of conservation and development. The
45 secretary shall submit the recommendations to the Continuing
46 Legislative Committee on State Planning and Development established
47 pursuant to section 4-60d for review when the state plan of conservation

48 and development is submitted to such committee in accordance with
49 section 16a-29. The committee shall report its recommendations to the
50 General Assembly at the time said state plan is submitted to the General
51 Assembly under section 16a-30. The boundaries shall become effective
52 upon approval of the General Assembly.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024</i>	8-190
Sec. 2	<i>October 1, 2024</i>	16a-35c(b)

PD *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: None

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Potential Revenue Gain	See Below	See Below

Explanation

The bill results in a potential revenue gain to various municipalities beginning in FY 25 to the extent they are awarded larger grants from the Department of Economic and Community Development (DECD). The bill increases the portion of planning costs a grant can cover from up to 50% to up to 100%.

Any revenue gain is dependent on the percent of planning costs that is covered by the grant from DECD. The bill will have no impact to distressed municipalities as current law already allows them to receive up to 100% of planning costs from this grant.

The bill has no fiscal impact to DECD by expanding its authority on awarding planning grants to municipalities. It is anticipated that DECD will determine any award amount based on an applicable project's qualifications and with consideration to the availability of funding to its various programs which is unchanged under the bill.

The bill also requires the Office of Policy and Management to consider transit-oriented development when making certain recommendations for priority funding areas. This does not result in a

fiscal impact to OPM as they already have the resources necessary to make these recommendations.

The Out Years

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

OLR Bill Analysis**HB 5278*****AN ACT CONCERNING INCENTIVES FOR TRANSIT-ORIENTED DEVELOPMENT.*****SUMMARY**

This bill allows the Department of Economic and Community Development commissioner to give municipalities grants that cover up to 100% of their planning costs for development projects that qualify as transit-oriented developments, as long as the commissioner determines that it is substantially likely that the project will be completed. Under current law, the commissioner may generally only give them grants sufficient to cover up to 50% of their planning costs for development projects (i.e., municipal projects to improve or dispose of land, buildings, or both primarily for industrial or business purposes).

Existing law already allows the commissioner to give distressed municipalities grants to cover up to their full planning costs for development projects, as long as he determines a substantial likelihood of the project's completion.

The bill also requires the Office of Policy and Management secretary to consider areas that are suitable for transit-oriented development when recommending areas to be included in "priority funding areas" (see BACKGROUND) in the State Plan of Conservation and Development. Under existing law, unchanged by the bill, when making these recommendations to the legislature, the secretary must consider whether an area has certain other designations (e.g., as a targeted investment community, enterprise zone, or corridor management area).

By law, "transit-oriented development" is the development of residential, commercial, and employment centers within one-half mile or walking distance of public transportation facilities (including rail and

bus rapid transit and services) that meet transit supportive standards for land uses, built environment densities, and walkable environments, in order to facilitate and encourage the use of transit services.

EFFECTIVE DATE: October 1, 2024

BACKGROUND

Priority Funding Areas

By law, state agencies generally cannot provide funding for a growth-related project unless the project is located in a priority funding area or meets one of the law’s exceptions (CGS § 16a-35d). Growth-related projects are, broadly, projects costing more than \$200,000 (1) to buy real property, other than for open space purposes; (2) to develop or improve real property; (3) to buy public transportation equipment or facilities; or (4) using state grants to buy, develop, or improve real property or buy public transportation equipment or facilities (CGS § 16a-35c(a)).

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 20 Nay 1 (03/22/2024)