



House of Representatives

General Assembly

File No. 519

January Session, 2025

Substitute House Bill No. 7165

House of Representatives, April 3, 2025

The Committee on Commerce reported through REP. MESKERS of the 150th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS FOR REVISIONS TO THE COMMERCE STATUTES.

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

1 Section 1. (NEW) (*Effective July 1, 2025*) The Department of Economic
2 and Community Development may establish and administer a program
3 for the sale of Connecticut brand merchandise and advertising space for
4 Connecticut businesses. All proceeds derived from the operation of such
5 program shall be deposited in the Tourism Fund.

6 Sec. 2. Section 31-53c of the general statutes is repealed and the
7 following is substituted in lieu thereof (*Effective July 1, 2025*):

8 (a) For purposes of this section:

9 (1) "Business organization" means any sole proprietorship,
10 partnership, corporation, limited liability company, association, firm or
11 other form of business, municipality, regional council of governments,
12 Connecticut brownfield land bank or economic development agency, as

13 defined in section 32-760, or other legal entity, but excludes any
14 organization that is exempt from taxation under Section 501(c)(3) of the
15 Internal Revenue Code of 1986 or that is a chamber of commerce under
16 Section 501(c)(6) of said Internal Revenue Code, or any subsequent
17 corresponding internal revenue code of the United States, as amended
18 from time to time, and that (A) accepts financial assistance for a project
19 as defined in this section, and (B) such project is valued at not less than
20 ten million dollars and is not for the purposes described in subsection
21 (f) of this section;

22 (2) "Financial assistance" means any and all forms of loans, cash
23 payments, extensions of credit, guarantees, equity investments, tax
24 abatements or any other form of financing totaling one million dollars
25 or more; and

26 (3) "Project" means any construction, remodeling, refinishing,
27 refurbishing, rehabilitation, alteration or repair of any property owned
28 by a business organization.

29 (b) On and after July 1, 2018, if the Department of Economic and
30 Community Development provides financial assistance to any business
31 organization for any construction project of such business organization,
32 the Department of Economic and Community Development shall
33 require, as a condition of providing such financial assistance, that any
34 contract entered into by the business organization for such project shall
35 contain the following provision: "The wages paid on an hourly basis to
36 any person performing the work of any mechanic, laborer or worker on
37 the work herein contracted to be done and the amount of payment or
38 contribution paid or payable on behalf of each such person to any
39 employee welfare fund, as defined in subsection (i) of section 31-53,
40 shall be at a rate equal to the rate customary or prevailing for the same
41 work in the same trade or occupation in the town in which such
42 construction, remodeling, refinishing, refurbishing, rehabilitation,
43 alteration or repair project is being undertaken. Any contractor who is
44 not obligated by agreement to make payment or contribution on behalf
45 of such persons to any such employee welfare fund shall pay to each

46 mechanic, laborer or worker as part of such person's wages the amount
47 of payment or contribution for such person's classification on each pay
48 day."

49 (c) Any contractor or subcontractor who knowingly or wilfully
50 employs any mechanic, laborer or worker in any project receiving
51 financial assistance from the Department of Economic and Community
52 Development for such project, at a rate of wage on an hourly basis that
53 is less than the rate customary or prevailing for the same work in the
54 same trade or occupation in the town in which such project is located,
55 or who fails to pay the amount of payment or contributions paid or
56 payable on behalf of each such person to any employee welfare fund, as
57 defined in subsection (i) of section 31-53, or in lieu thereof to the person,
58 as provided by subsection (b) of this section, shall be fined not less than
59 two thousand five hundred dollars but not more than five thousand
60 dollars for each offense and (1) for the first violation, shall be
61 disqualified from bidding on contracts for projects for which the
62 Department of Economic and Community Development provides
63 financial assistance until the contractor or subcontractor has made full
64 restitution of the back wages owed to such persons and for an additional
65 six months thereafter, and (2) for subsequent violations, shall be
66 disqualified from bidding on contracts for projects for which the
67 Department of Economic and Community Development provides
68 financial assistance until the contractor or subcontractor has made full
69 restitution of the back wages owed to such persons and for not less than
70 an additional two years thereafter. In addition, if it is found by the
71 contracting officer representing the business organization that any
72 mechanic, laborer or worker employed by the contractor or any
73 subcontractor directly on the site for the work covered by the contract
74 has been or is being paid a rate of wages less than the rate of wages
75 required by the contract to be paid as required by this section, the
76 business organization may (A) by written or electronic notice to the
77 contractor, terminate such contractor's right to proceed with the work
78 or such part of the work as to which there has been a failure to pay said
79 required wages and to prosecute the work to completion by contract or
80 otherwise, and the contractor and the contractor's sureties shall be liable

81 to the business organization for any excess costs occasioned the business
82 organization thereby, or (B) withhold payment of money to the
83 contractor or subcontractor. The contracting business organization shall,
84 not later than two days after taking such action, notify the Labor
85 Commissioner, in writing or electronically, of the name of the contractor
86 or subcontractor, the project involved, the location of the work, the
87 violations involved, the date the contract was terminated and steps
88 taken to collect the required wages.

89 (d) The Labor Commissioner may make complaint to the proper
90 prosecuting authorities for the violation of any provision of subsection
91 (c) of this section.

92 (e) The Labor Commissioner shall predetermine the prevailing rate
93 and the amount of payment or contributions paid or payable on behalf
94 of each person to any employee welfare fund, as defined in subsection
95 (i) of section 31-53, in each town where such contract is to be performed,
96 in the same manner as provided in subsection (d) of section 31-53.

97 (f) If the Department of Economic and Community Development
98 provides financial assistance to any business organization, including
99 any nonprofit organization that is exempt from taxation under Section
100 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent
101 corresponding internal revenue code of the United States, as amended
102 from time to time, for the purpose of remediation, demolition or
103 abatement of pollution in buildings, soil or groundwater located at a
104 project site, only the remediation, demolition or abatement of pollution
105 in buildings, soil or groundwater portion of the project described in the
106 financial assistance contract between the business organization and the
107 department shall be covered by this section. Such financial assistance
108 contract executed by the department shall be limited to the purposes
109 described in this subsection and shall be separate from any contract for
110 redevelopment activities on the site.

111 Sec. 3. Section 32-7v of the general statutes is repealed and the
112 following is substituted in lieu thereof (*Effective July 1, 2025*):

113 (a) (1) The Commissioner of Economic and Community Development
114 shall, within available resources, establish a workforce [development]
115 incentive program to provide grants to [nonprofit organizations]
116 employers that employ individuals with intellectual disability, as
117 defined in section 1-1g. Such grants shall be awarded for infrastructure
118 expenditures, [start-up] programmatic costs or expansion costs.

119 (2) Any [nonprofit organization] employer that (A) employs, at the
120 time of application, a workforce of which not less than [ten] five per cent
121 consists of individuals with intellectual disability, as defined in section
122 1-1g, who have been employed for a period of not less than six months
123 in the previous calendar year and are paid not less than the minimum
124 fair wage established pursuant to section 31-58, and (B) is in compliance
125 with competitive integrated employment, as that term is used in 34 CFR
126 361.5(c)(9)(i)(D) and 34 CFR 361.5(c)(9)(ii)(B), as amended from time to
127 time, may apply for a grant under the program.

128 (3) Grants awarded pursuant to this section shall not exceed:

129 (A) Twenty-five thousand dollars per [nonprofit organization]
130 employer employing a workforce of which between [ten] five and
131 [thirty] twenty per cent, inclusive, consists of such individuals with
132 intellectual disability; and

133 (B) Seventy-five thousand dollars per [nonprofit organization]
134 employer employing a workforce of which more than [thirty] twenty-
135 one per cent, but not more than thirty per cent, consists of such
136 individuals with intellectual disability.

137 (b) The Department of Economic and Community Development may
138 enter into an agreement, pursuant to chapter 55a, with a person, firm,
139 corporation or other entity to operate the program established pursuant
140 to this section.

141 (c) The commissioner shall prescribe the form and manner of the
142 application and such application procedure shall include a competitive
143 award process.

144 Sec. 4. Section 32-5a of the general statutes is repealed and the
145 following is substituted in lieu thereof (*Effective July 1, 2025*):

146 The Commissioner of Economic and Community Development and
147 the board of directors of Connecticut Innovations, Incorporated shall
148 require, as a condition of any financial assistance provided on and after
149 June 23, 1993, under any program administered by the Department of
150 Economic and Community Development or such corporation to any
151 business organization, except for a business organization that receives
152 any such financial assistance in an amount not more than fifty thousand
153 dollars and is an eligible small business, as defined in section 31-3pp, or
154 under any assistance program that is funded entirely by the federal
155 government, in which case the commissioner may require, that such
156 business organization: (1) Shall not relocate outside of the state for ten
157 years after receiving such assistance or during the term of a loan or loan
158 guarantee, whichever is longer, unless the full amount of the assistance
159 is repaid to the state and a penalty equal to five per cent of the total
160 assistance received is paid to the state, except that this subdivision shall
161 not be applicable to financial assistance by the corporation in the form
162 of an equity investment or other financial assistance, including a
163 convertible or seed loan, with predominantly equity characteristics, and
164 (2) shall, if the business organization relocates within the state during
165 such period, offer employment at the new location to its employees from
166 the original location if such employment is available. For the purposes
167 of subdivision (1) of this section, the value of a guarantee shall be equal
168 to the amount of the state's liability under the guarantee. As used in this
169 section, "financial assistance" does not include any tax credit program
170 administered by the Department of Economic and Community
171 Development or Connecticut Innovations, Incorporated, and "relocate"
172 means the physical transfer of a substantial portion, as determined by
173 the Commissioner of Economic and Community Development, of the
174 operations of a business or any division of a business that independently
175 receives any financial assistance from the state from the location such
176 business or division occupied at the time it accepted the financial
177 assistance to another location. Notwithstanding the provisions of this
178 section, the Commissioner of Economic and Community Development

179 shall adopt regulations in accordance with chapter 54 to establish the
180 terms and conditions of repayment, including specifying the conditions
181 under which repayment may be deferred, following a determination by
182 the commissioner of a legitimate hardship.

183 Sec. 5. Subsection (a) of section 32-228 of the general statutes is
184 repealed and the following is substituted in lieu thereof (*Effective July 1,*
185 *2025*):

186 (a) The Commissioner of Economic and Community Development
187 may, with the approval of the Commissioner of Administrative Services,
188 the Secretary of the Office of Policy and Management and the State
189 Properties Review Board, sell, exchange, lease or enter into agreements
190 concerning any real property belonging to the state and transferred to
191 the custody and control of the Department of Economic and
192 Community Development. The commissioner shall require, as a
193 condition of any sale, exchange, lease or agreement entered into
194 pursuant to this section, that such real property be used primarily for
195 manufacturing or economic base businesses, [or for] business support
196 services or cultural or historical attractions or sites. Prior to any such
197 sale, exchange, lease or agreement, the commissioner shall consult with
198 each municipality in which the land, improvement or interest is located.

199 Sec. 6. (NEW) (*Effective July 1, 2025*) The state, acting through the
200 Department of Economic and Community Development or any other
201 state agency, governmental entity or the private sector, may, within
202 available appropriations, provide financial assistance, lend staff or
203 provide other in-kind contributions to AdvanceCT Foundation, Inc.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	New section
Sec. 2	<i>July 1, 2025</i>	31-53c
Sec. 3	<i>July 1, 2025</i>	32-7v
Sec. 4	<i>July 1, 2025</i>	32-5a
Sec. 5	<i>July 1, 2025</i>	32-228(a)
Sec. 6	<i>July 1, 2025</i>	New section

CE *Joint Favorable Subst.*

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 26 \$	FY 27 \$
Department of Economic & Community Development	Tourism - Revenue Gain	See Below	See Below
Labor Dept.	GF - Potential Revenue Gain	See Below	See Below
Labor Dept.	GF - Potential Revenue Loss	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Department of Economic & Community Development	GF - Potential Cost	See Below	See Below

Note: Tourism=Tourism Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes to the commerce statutes resulting in the following impacts described below.

Section 1 results in a revenue gain to the Tourism Fund by allowing the Department of Economic and Community Development (DECD) to establish and administer a program for the sale of Connecticut brand merchandise and advertising space for Connecticut businesses. The revenue gain will depend on volume of sales that DECD undertakes.

Section 2 expands the entities subject to the prevailing wage requirements for DECD-assisted projects, which results in a potential revenue gain to the Department of Labor to the extent violations are

found and fines are paid.¹ This section also excludes nonprofits and chambers of commerce when the project is valued at \$10 million or more and for the purpose of remediation, demolitions or abatement of pollution in buildings, soil or groundwater. This results in a potential revenue loss to the extent fines would no longer be collected if these exempted employers fail to pay the prevailing wage to employees.

Section 3 has no fiscal impact by modifying DECD's workforce incentive grant program, including eligibility, eligible uses of a grant, and grant amounts. This program has yet to be established by DECD.

Section 4 has no fiscal impact by exempting tax credit programs administered by DECD and Connecticut Innovations from the types of financial assistance subject to nonrelocation agreement requirements. This change conforms with DECD's existing practice.

Section 5 results in potential revenue gain to the state by allowing DECD to convey state property under the agency's control for use as a cultural or historical attraction or site. Any such gain will depend upon agreed upon sale, lease or exchange associated with each state property conveyance.

Section 6 results in a potential cost to DECD by allowing the agency to provide financial assistance, lend staff or provide other in-kind contributions to AdvanceCT Foundation, Inc.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and subject to the number of violations found and fines paid.

¹ Under current law, fines range from \$2,500 to \$5,000 per violation.

OLR Bill Analysis**sHB 7165*****AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS FOR REVISIONS TO THE COMMERCE STATUTES.*****SUMMARY**

This bill makes several changes in economic development-related statutes, including the following:

1. exempting certain nonprofit organizations from the prevailing wage requirements for projects receiving at least \$1 million in Department of Economic and Community Development (DECD) financial assistance, with exceptions;
2. modifying the eligibility criteria and parameters for DECD's grant program for nonprofits employing people with intellectual disability;
3. exempting tax credit programs administered by DECD or Connecticut Innovations, Inc. (CI) from nonrelocation agreement requirements; and
4. expanding the purposes for which DECD can convey state-owned property under its control to include property to be used primarily for cultural or historical attractions or sites.

The bill also authorizes DECD to set up and administer a program to sell Connecticut brand merchandise and advertising space for Connecticut businesses. It directs the program's proceeds to the Tourism Fund (§ 1).

Lastly, the bill allows the state, within available appropriations, to provide financial assistance, lend staff, and make in-kind contributions

to AdvanceCT Foundation, Inc. It specifically allows the state to do so acting through DECD or other state agencies or government entities or the private sector (§ 6). AdvanceCT is a nonprofit economic development organization that works with DECD to provide business and support services to companies that wish to be in Connecticut and develop here.

EFFECTIVE DATE: July 1, 2025

§ 2 — PREVAILING WAGE FOR CERTAIN DECD-ASSISTED BUSINESS CONSTRUCTION PROJECTS

Under current law, prevailing wage requirements apply to any business that receives at least \$1 million in DECD financial assistance for a covered construction project (i.e. building, remodeling, refinishing, refurbishing, rehabilitating, altering, or repairing a property the business owns). As under the public works prevailing wage law, the contracts these businesses enter into with contractors and subcontractors on covered projects must provide that the contractors and subcontractors pay their construction workers the prevailing wage. Contractors who do not provide benefits at the same rate required under the prevailing wage must make up the difference in hourly wages.

Covered Entities

Under current law, these prevailing wage requirements apply to any business or legal entity (“business organization”) receiving DECD financial assistance for a covered project. The bill generally extends the requirements to municipalities, regional councils of governments, state-certified brownfield land banks, and municipal and nonprofit economic development agencies receiving this financial assistance, with specified exceptions. By law, municipalities and other political subdivisions are already subject to the public works prevailing wage law on projects that meet the prevailing wage cost thresholds (i.e. new construction projects of \$1 million or more and rehabilitation or repair projects of \$100,000 or more).

The bill exempts from these requirements any federally tax-exempt 501(c)(3) nonprofit and 501(c)(6) chamber of commerce that accepts at

least \$1 million in DECD financial assistance for a covered project valued at \$10 million or more, unless it is a remediation, demolition, or pollution abatement project as described below.

DECD-Assisted Remediation Projects by Nonprofit Organizations

For covered projects receiving DECD financial assistance for remediation, demolition, or pollution abatement in buildings, soil, or groundwater located at a project site, the bill limits the portion of the project subject to these prevailing wage requirements to only the portion described in the financial assistance contract between the business organization and DECD. Under the bill, the financial assistance contracts for these covered projects must be (1) limited to remediation, demolition, and abatement purposes and (2) separate from any contract for redevelopment activities at the site.

§ 3 — WORKFORCE INCENTIVE GRANT PROGRAM

Eligibility Criteria

Current law requires the DECD commissioner, within available appropriations, to set up a grant program for nonprofit organizations employing a workforce of at least 10% people with intellectual disability. The bill specifies that this program is a workforce incentive, rather than development, program. It expands eligibility for the grants to all employers, rather than just nonprofits, and requires employers to meet the following eligibility criteria to qualify:

1. have a workforce, at the time of application, composed of at least 5% people with intellectual disability that have been employed for at least six months in the prior calendar year and are paid at least minimum wage and
2. comply with two specified federal standards for competitive integrative employment for people with disabilities.

Specifically, these two federal standards require that employees be (1) eligible for the same benefits as other employees and (2) at a location where they interact with people without disabilities to the same extent as employees without disabilities doing similar duties, as appropriate

for the work done.

The bill also modifies the purposes for which the grants may be awarded to include programmatic costs, rather than start-up costs. The grants may also be awarded for infrastructure and expansion costs, as allowed under existing law.

Grant Amounts

By law, the maximum grant amounts DECD may award under the program are capped at \$25,000 and \$75,000, depending on the percentage of the workforce comprised of people with intellectual disability. The bill lowers these percentages, as shown in the table below. In doing so, it also caps at 30% the percentage of an employer's workforce that may be comprised of people with intellectual disability to qualify for the grants.

Table: Maximum Grant Amounts

Maximum Grant Amount	Workforce % Comprised of People with Intellectual Disability	
	Current Law	Bill
\$25,000	10% to 30%	5% to 20%
75,000	Greater than 30%	21% to 30%

§ 4 — DECD NONRELOCATION AGREEMENTS

The bill exempts DECD- and CI-administered tax credit programs from the types of financial assistance subject to nonrelocation agreement requirements.

Under current law, DECD and CI generally must require nonrelocation agreements as a condition of any financial assistance they provide. As part of these agreements, businesses must agree (1) not to relocate from Connecticut for 10 years after receiving the assistance, or during the term of a state loan or loan guarantee, whichever is longer and (2) that if they relocate within Connecticut during this same period, they must offer their current employees jobs at the new location if available. If they relocate outside of Connecticut before the period expires, they have to repay the entire amount of the assistance plus 5%.

§ 5 — CONVEYANCES OF CERTAIN STATE-OWNED PROPERTY UNDER DECD CONTROL

Current law authorizes the DECD commissioner to convey (sell, exchange, lease, or enter into agreements on) state property under the agency’s control if it will be used primarily for manufacturing or economic base businesses or business support services. The bill additionally allows him to convey this property if it will be used primarily for cultural or historical attractions or sites. As under existing law, (1) these conveyances are subject to approval from the administrative services commissioner, Office of Policy and Management secretary, and State Properties Review Board and (2) DECD must consult with the municipality where property is located before he disposes of it.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/18/2025)