

Legislative History for Connecticut Act

**PA 14-85**

HB5518

House	1031-1043	13
Senate	3158, 3162-3164	4
<u>Commerce</u>	<u>796, 798, 808</u>	<u>3</u>
		<b>20</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2014**

**VOL.57  
PART 4  
1027 - 1360**

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HOUSE OF REPRESENTATIVES

27  
April 16, 2014

Necessary for passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	7

DEPUTY SPEAKER SAYERS:

The bill as amended passes. Will the Clerk  
please call Calendar 187.

THE CLERK:

House Calendar 187 on Page 14, Favorable Report  
of the Joint Standing Committee on Commerce. House  
Bill 5518 AN ACT CONCERNING THE LIABILITIES OF  
APPLICANTS FOR STATE FINANCIAL ASSISTANCE.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Thank you, Mr. Speaker. Mr. Speaker, I move  
acceptance of the Joint Committee's Favorable Report  
and passage of the bill.

DEPUTY SPEAKER SAYERS:

The question before the Chamber is acceptance of  
the Joint Committee's Favorable Report and passage of  
the bill. Representative Perone, you have the floor,  
sir.

REP. PERONE (137th):

Thank you, Madam Speaker. Basically, the purpose of this bill is to determine an applicant for economic development assistance, financial assistance is currently being sued in civil court for a debtor who owes taxes to a municipality, and also for the DECD and CI to consider such factors in the decision to award financial assistance.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Will you remark further on this bill?

Representative Lavielle of the 143rd.

REP. LAVIELLE (143rd):

Madam Speaker. Thank you. I do know this bill, but I have to tell you, I don't think I heard a word that Representative Perone said.

DEPUTY SPEAKER SAYERS:

Would you please take your conversations outside so the Representatives can hear? Thank you.

REP. LAVIELLE (143rd):

Thank you, Madam Speaker. I wonder if I might ask Representative Perone to repeat his summary of the bill for the benefit of the Chamber, thank you.

Through you.

DEPUTY SPEAKER SAYERS:

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Representative Perone, would you mind repeating your summary of the bill, please, sir.

REP. PERONE (137th):

I would be happy to, Madam Speaker. Thank you very much. Essentially, this bill is to have DECD and CI to review the, in determination for financial assistance, determine if an applicant for economic assistance is currently being sued in civil court or owes taxes to the state or municipality and to consider such factors in the decision to award such financial assistance.

Through you, Madam Speaker. It's easier to do this with glasses.

DEPUTY SPEAKER SAYERS:

Thank you, Representative. Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Madam Speaker, and I thank the good Representative for his patience and indulgence.

Again, I have a couple of questions, if I may for the proponent.

DEPUTY SPEAKER SAYERS:

Representative Perone, please prepare yourself.

REP. PERONE (137th):

I am prepared.

REP. LAVIELLE (143rd)?

Thank you, Madam Speaker. Since the bill essentially asks DECD and Connecticut Innovations to review and consider any applicant for financial assistance, to consider factors that have to do with whether they are currently in the process of civil litigation, or whether a principal of the company owes money to a municipality or the state in the way of taxes.

I have a couple of words I'd like clarified. I would like to know what the word consider in Line 4 precisely means. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Thank you, Madam Speaker. Essentially, in this context, the word consider is seen as a, it's part of the overall effort of the bill to encourage the DECD and CI to better understand the level of risk they're taking on as they review this, as they review current applications.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. So consider would be neither a term that would necessarily exclude a company if it were in one of those cases or not exclude it, I guess. It would be on a case-by-case basis is my question.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Through you, Madam Speaker, yes. It's really not meant to be prescriptive. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Madam Speaker. And then I would move on to these are, it sounds picky, but these are actually just to be precise, for legislative intent.

In the same line, we have the word applicant to refer to the types of businesses that might be requesting financial assistance. There are definitions later in the bill that refer to first off, a business in Connecticut that has 25 or more full-

time employees that would be asking for assistance of \$250,000 or more.

Secondly, a business with 100 or more full-time employees that is asking for \$1 million or more. Is that what this refers to, the word applicant?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Yes, Madam Speaker. It's just an effort to bring the proposed legislation in line with the existing language.

Through you.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. And finally, in Line 5 we have the word principal, which would refer to someone who works for these companies, and I'm not sure that I see a definition here, so do we have one that's a little more precise?

Through you.

DEPUTY SPEAKER SAYERS:

Representative Perone.



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REP. PERONE (137th):

Through you, Madam Speaker. I was wondering if the Representative could tell me which line that would be appearing in. Through you.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

I'm afraid I didn't understand, I didn't hear what the Representative said. I'm sorry.

DEPUTY SPEAKER SAYERS:

Representative Perone, if you could please repeat your question.

REP. PERONE (137th):

Through you, Madam Speaker, just wondering where the word principal appears in the bill? I just want to get a, find that. Through you.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

It is in Line Number 5, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Through you, Madam Speaker, could the Representative please restate the question now that I'm, know exactly what they are referring to.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

I wonder if the Representative could repeat that please.

REP. PERONE (137th):

Well, essentially it's the applicant or principal. I think that they're more or less used interchangeably as you know, per application. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

Okay, thank you, Madam Speaker, and I thank the Representative for his answers. I actually do have one more question, which is, if a determination is made in terms of awarding financial assistance by DECD or Connecticut Innovations and something about that determination has been influenced by this consideration of litigation in progress or owing money, will that, will the report on that

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consideration be submitted either to the Commerce Committee or the Finance Committee or perhaps the Bond Commission for reference so that those bodies will know what happened? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Thank you, Madam Speaker. To my knowledge, no. Only because the determination would be based, most likely, on several factors and so it's not something that's laid out specifically in this language.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Madam Speaker, and I thank the good Representative from Norwalk, my delegation colleague for his answers.

I just have a couple of remarks to make. I asked those questions just to ensure that none of this consideration would be to limiting when a decision is being made, but I also am very glad that we have this bill. I think it's an important bill and I think it's

a good bill, although I don't think it goes far enough.

The state has for the moment committed to \$234 million in incentives and assistance to businesses through the First Five Program, and those commitments are made either through appropriations or bonding, which has debt service attached to it, and those appropriations and that debt service are taxpayer money.

And we're the custodians of that taxpayer money and we have a responsibility for ensuring that the strictest due diligence is done when these grants or loans or whatever types of assistance are made.

And as the DECD Commissioner has explained to me often, the due diligence process is rigorous but we are not always exposed to it because, or allowed to review it for confidentiality reasons, which I understand.

But that said, sometimes it's a little obscure, and we had an instance recently for example, the company Back Nine when \$5 million grant was awarded through First Five, it was then revealed that they had a lawsuit in progress for nonpayment of consulting fees.

These are the types of things that need to be considered before taxpayer money is used to offer assistance to businesses. Really, that money should not be given to companies as a significant risk that they will fulfill their obligations is present, or if the ultimate return is not likely to be positive.

So, I think this bill is perhaps not going far enough, but it is certainly a step in the right direction. I applaud it and I urge the Chamber to support it.

Thank you very much, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Thank you, Madam Speaker. I'd also like to thank my colleague from the north delegation for her good remarks. Certainly this is a, we feel this is a needed step in the area of oversight and to, just an understanding that these resources we have in the State of Connecticut are finite, and that we need to do all we can to help our agencies mitigate risk and to that end, that's why we feel this is an important step for the Legislature. Thanks very much.

DEPUTY SPEAKER SAYERS:

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Will you remark? Will you remark further on this bill? Will you remark further on this bill?

If not, will staff and guests please come to the Well of the House. Will members please take your seats and the machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll.

The House of Representatives is voting by Roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER SAYERS:

Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 5518.

Total number voting	144
Necessary for passage	73
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	6

DEPUTY SPEAKER SAYERS:

The bill passes. Will the Clerk please call  
Calendar Number 216.

THE CLERK:

Calendar 216 on Page 16, Favorable Report of the  
Joint Standing Committee on Higher Education and  
Employment Advancement, Substitute House Bill 5494 AN  
ACT CONCERNING STUDENT MEMBERSHIP ON THE BOARD OF  
TRUSTEES OF THE UNIVERSITY OF CONNECTICUT.

DEPUTY SPEAKER SAYERS:

Representative Haddad.

REP. HADDAD (54th):

Thank you, Madam Speaker. Madam Speaker, I move  
for acceptance of the Joint Committee's Favorable  
Report and passage of the bill.

DEPUTY SPEAKER SAYERS:

The question is acceptance of the Joint  
Committee's Favorable Report and passage of the bill.  
Representative Haddad, you have the floor, sir.

REP. HADDAD (54th):

Thank you, Madam Speaker. Madam Speaker, this  
bill alters the composition of the 21-member Board of  
Trustees of the University of Connecticut. Currently  
there is one undergraduate student member who is  
elected by the undergraduate student body.

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SENATE

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May 6, 2014

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease).

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President. Madam President, some additional items to mark at this point. They may -- may be skipping around the Calendar a little bit.

But Calendar page 10, Calendar 415, House Bill 5518,  
move to place on the Consent Calendar.

THE CHAIR:

Yup.

SENATOR LOONEY:

And also, Madam President, Calendar page 18, Calendar  
489, House Bill 5227, move to place on the Consent  
Calendar.

Madam President, Calendar page 19, Calendar 494, House  
Bill Number 5573, move to place on the Consent  
Calendar.

Calendar page 22, Calendar 513, House Bill 5353, move  
to place on the Consent Calendar.

Calendar page 28, Calendar 550, that's 5-5-0, House  
Bill 5514, move to place on the Consent Calendar.

Madam President, also moving back, Calendar page 20,  
Calendar 499, House Bill 5419, move to place on the  
Consent Calendar.

Back under Favorable Reports, Madam President,  
Calendar page 11, Calendar 419, House Bill 5477, move  
to place on the Consent Calendar.

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Opposed. Reconsideration is passed.

SENATOR LOONEY:

Right now since the matter is before us again, Madam President, I would move to mark it passed temporarily.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President. Now if the Clerk would call those Consent Calendar items so that we might move to a vote on the Consent Calendar, and then we might proceed to the items that were marked go.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 2 Calendar 166, Senate Bill 427.

Page 4 Calendar 300 Senate Bill 417.

Page 6, Calendar 331, House Bill 5248.

Page 7, Calendar 340, House bill 5273.

On page 10, Calendar 416, House Bill 5407. Calendar 415, House Bill 5518. Calendar 396, Senate Bill 114.

On page 11, Calendar 419, House Bill 5477.

Page 12, Calendar 426, House Bill 5023.

On page 18, Calendar 489, House Bill 5227. Calendar 470, House Bill 5506. Calendar 490, House Bill 5113.

On page 19, Calendar 494, House Bill 5573.

Page 20, Calendar 498, House Bill 5467. Calendar 499, House Bill 5419.

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And on page 22 Calendar 513, House Bill 5353.  
Calendar 515, House Bill 5361.

And on page 24, Calendar 526, House Bill 5556.  
Calendar 524, House Bill 5219.

Page 25, Calendar 4. -- sorry, Calendar 530, House Bill 5368,  
page 27, Calendar 546, House Bill 5061.  
Calendar 543, House Bill 5037.

On page 28, Calendar 550, House Bill 5514.

Page 29, Calendar 554, House Bill 5148.

Page 30, Calendar 563, House Bill 5554.

Page 31, Calendar 567, House Bill 5229. Calendar 565,  
House Bill 5028.

And on page 42, Calendar 384, Senate Bill 442.

THE CHAIR:

Senator Looney, do you have any more good news for us?

SENATOR LOONEY:

Yes, thank you, Madam President. One additional item to add before we call for the actual vote on the Consent Calendar, and that is item an Calendar page 33, Calendar 575, House Bill 5359. With that one addition it would call for a vote on the Consent Calendar.

THE CHAIR:

Mr. Clerk, please call for a vote on the Consent Calendar, and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call on the second Consent Calendar  
today has been ordered in the Senate.

THE CHAIR:

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If all members have voted? All membered voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On the second Consent Calendar for today.

Total number voting	35
Those voting Yea	35
Those voting Nay	0
Absent not voting	1

THE CHAIR:

Consent Calendar passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. If the Clerk would call the first item marked go to follow the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 33, Calendar 579, Substitute for House Bill Number 5348, AN ACT CONCERNING THE PAYMENT OF DELINQUENT PROPERTY TAXES. Favorable Report of the Committee on Planning and Development.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you. Thank you, Madam President. Pursuant to Rule 15 of the Joint Rules, I am recusing myself from consideration of this bill.

THE CHAIR:

Thank you, sir. Please leave the Chamber.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**COMMERCE  
PART 2  
512 – 1012**

**2014**



Department of Economic and  
Community Development

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**Catherine H. Smith**  
Commissioner

**TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE**  
**3/11/14**

Re: S B No. 302 AN ACT CONCERNING AN ENTREPRENEUR IN RESIDENCE PROGRAM  
S.B. No. 419 AN ACT CONCERNING HOSPITAL AND WELLNESS ENTERPRISE ZONES  
S.B. No. 422 AN ACT CONCERNING KNOWLEDGE CENTER ENTERPRISE ZONES  
H.B. No. 5404 AN ACT CONCERNING FINANCIAL ASSISTANCE FOR BUSINESSES  
AFFECTED BY PROLONGED STATE INFRASTRUCTURE PROJECTS  
H.B. No. 5405 AN ACT CONCERNING LEGISLATIVE APPROVAL OF FIRST FIVE PLUS  
PROGRAM INVESTMENTS  
H.B. No. 5516 AN ACT PROVIDING FOOD ENTREPRENEURS WITH ACCESS TO  
COMMERCIAL KITCHENS  
H.B. No. 5518 AN ACT CONCERNING THE LIABILITIES OF APPLICANTS FOR STATE  
FINANCIAL ASSISTANCE

---

Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle and members of the Commerce Committee. Thanks for the opportunity to present testimony on the bills before you here today.

While these initiatives are certainly well-intended, we at DECD believe that we can meet the objectives of these proposals through our current programs and practices. With the support of this committee we have made great progress in recent years in improving the effectiveness our programs; our concern is that these initiatives would add undue complexity to our operations, making it more challenging for us to serve our constituents in the best and most efficient manner. These general comments aside, we offer the following specific thoughts about the bills on today's agenda.

SB 302 would require DECD to establish an entrepreneur in residence program that would position entrepreneurs in state agencies to make agency services and practices more efficient and more responsive. While we applaud the idea presented in the bill – that a more flexible and customer-driven business model would serve the state well – we are concerned that, at present, we do not have the funding and requisite personnel to establish and administer such a program. Our team is already stretched managing the programs we currently are responsible for, so adding more would clearly mean something else would likely suffer. Additionally, we would point out that across state agencies, there are several steps that have already been undertaken to improve and streamline our state agency working processes. As you know, we have already carried out various efforts to LEAN our programs and operations to make them more efficient and



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Finally, HB 5518 would require DECD to consider whether an applicant for financial assistance owes delinquent taxes to the state or a municipality or is subject to a lawsuit in civil court for a debt. We believe this initiative to be unnecessary, as we already have a thorough underwriting process that considers these factors and many more. That process is constantly being reviewed and improved to ensure that we remain outstanding stewards of taxpayer dollars.

Thanks for allowing me to share some thoughts on these pieces of legislation. I appreciate, in advance, your due consideration.



What's next starts here.

**TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE**  
**March 11, 2014**

*Claire Leonardi, CEO*  
*Connecticut Innovations*

**HB 5518 AAC THE LIABILITIES OF APPLICANTS FOR STATE FINANCIAL ASSISTANCE**

Senator Lebeau, Representative Perone, and distinguished members of the Commerce Committee. My name is Claire Leonardi and I am the Chief Executive Officer of Connecticut Innovations.

I appreciate the opportunity to provide written testimony and offer the following comments regarding **HB 5518 AAC THE LIABILITIES OF APPLICANTS FOR STATE FINANCIAL ASSISTANCE**.

This bill seeks to require the Department of Economic and Community Development and Connecticut Innovations, Incorporated, to consider whether an applicant for financial assistance is subject to a lawsuit in civil court for a debt, or owes delinquent taxes to the state or a municipality when determining whether to grant any economic development financial assistance.

Connecticut Innovations has always scrutinized any outstanding taxes as it relates to proposed financing. It has and continues to be a requirement of our application process to disclose any and all outstanding tax liabilities before granting any financing.

Thank you.