
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)