

OFFICE OF FISCAL ANALYSIS

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sSB-307

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

As Amended by Senate "A" (LCO 6114), Senate "B" (LCO 6249)

House Calendar No.: 583

Senate Calendar No.: 327

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Economic & Community Development	GF - Potential Cost	See Below	See Below
CT Innovations, Inc.	GF - Potential Cost	See Below	See Below
Constituent Units of Higher Education	GF - Cost	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

Sections 1 - 2 rename the Small Business Express Fund to the Small Business Boost Fund and make modifications to the program. There is no fiscal impact as the amendment does not adjust the underlying General Obligation bonds authorized for the program.¹

Section 4 increases the limits for the amount of economic development assistance that the Department of Economic and Community Development (DECD) and Connecticut Innovations, Inc. (CI) may provide without affirmative legislative approval. Assuming

¹ The current unallocated balance of the Small Business Express Fund is \$50 million.

that any eligible project(s) would receive legislative approval without the proposed change in the amendment there is no fiscal impact. However, if either DECD or CI provides assistance to an eligible project(s) that the legislature would otherwise disapprove, there would be a cost to the agency, unless those funds would be used for alternative projects.²

Section 5 has no fiscal impact by creating an exception to Connecticut's promissory note ban related to the federal H-1B visa fees. This provision does not require any administrative action from the state and therefore has no fiscal impact.

Sections 3, 6 - 27 make various changes related to the Department of Economic and Community Development, including its office designations, boards, reporting requirements, and other minor changes. These changes are either minor or technical in nature and therefore are not anticipated to result in an impact to the state.

The bill also results in a potential, minimal cost annually beginning in FY 27 to the constituent units of higher education by prohibiting scholarship displacement for students who receive Pell Grants or Willis Scholarships.³ This potential cost would only be incurred if the constituent units choose to increase the total amount of financial aid they offer as a result of the bill.

The constituent units budget how much tuition revenue will be set aside for financial aid each year. By prohibiting scholarship displacement for certain students, the bill precludes savings that the units otherwise realize when they reduce financial aid packages. The units may use that savings to: (1) reallocate financial aid to other students; or (2) reduce the total amount of financial aid they provide. This means that, as a result of the bill, the units will either: (1) have less aid to reallocate; or (2) increase the total amount of financial aid they

² CI is a quasi-public state agency that is financed by loan repayments, investment returns, and fees so any costs would not be realized by the state's funds.

³ Scholarship displacement refers to the practice of reducing a student's financial aid package by an amount equal to any scholarships received by the student.

offer.

Senate "A" strikes the underlying bill and its associated impact and results in the fiscal note noted above for sections 1 to 27.

Senate "B" results in a potential, minimal cost annually beginning in FY 27 to the constituent units of higher education by prohibiting scholarship displacement for students who receive Pell Grants or Willis Scholarships.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.