



Substitute House Bill No. 5434

Public Act No. 24-36

AN ACT CONCERNING THE COMMUNITY ECONOMIC DEVELOPMENT FUND.

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

Section 1. Section 8-240k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) As used in this section and section 8-240l, as amended by this act, "low and moderate income individuals" means individuals earning not more than the state median income, as determined by the United States Department of Housing and Urban Development, "public investment communities" has the same meaning as provided in section 7-545, "qualified census tract" has the same meaning as provided in section 4-66c and "targeted investment community" has the same meaning as provided in section 32-222. The state, acting by and through the Secretary of the Office of Policy and Management, in conjunction with other relevant state agencies and quasi-public agencies, as defined in section 1-20, shall establish a community economic development program in public investment communities, [as defined in section 7-545] in qualified census tracts, in targeted investment communities [, as defined in section 32-222,] and state-wide to assist low and moderate income individuals in establishing, maintaining and expanding businesses. The purpose of the program shall be to strengthen

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neighborhoods by maintaining or creating employment for neighborhood residents, generating tax revenues and stemming physical deterioration and the social problems resulting from deterioration by providing (1) access to credit, (2) facilitation of financing for community development activities, and (3) technical assistance.

(b) The secretary shall establish an entity to accomplish the program. The entity may, without limitation, be owned and governed, in whole or in part, by parties other than the state, any agency of the state or any quasi-public agency.

Sec. 2. Section 8-240l of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

(a) [The] (1) Prior to October 1, 2024, the entity created pursuant to subsection (b) of section 8-240k, as amended by this act, shall be governed by a state-wide board of directors appointed as follows: Five members shall be representatives of relevant state agencies and quasi-public agencies, appointed by the Governor; one member shall be appointed by each investor who has committed an amount of money to the program established by subsection (a) of section 8-240k, as amended by this act; and six members shall be persons of low or moderate income residing in public investment communities or targeted investment communities or representatives of nonprofit organizations the primary purpose of which is to serve low and moderate income, unemployed or underemployed residents of targeted neighborhoods, except that such members shall comprise not less than one third of the membership, one appointed by the speaker of the House of Representatives, one by the president pro tempore of the Senate, one by the majority leader of the House of Representatives, one by the majority leader of the Senate, one by the minority leader of the House of Representatives and one by the minority leader of the Senate. The board shall appoint the additional members. The members of the board of directors appointed pursuant to

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this subdivision and serving as members of such board on July 1, 2024, shall continue to serve as members of such board through September 30, 2024. Any such member may be reappointed as a member of the board of directors after September 30, 2024.

(2) (A) On and after October 1, 2024, the entity created pursuant to subsection (b) of section 8-240k, as amended by this act, shall be governed by a board of directors as follows: (i) One member jointly appointed by the majority leader of the House of Representatives and the majority leader of the Senate; (ii) one member jointly appointed by the minority leader of the House of Representatives and the minority leader of the Senate; (iii) the Banking Commissioner, or the commissioner's designee; (iv) the Secretary of the Office of Policy and Management, or the secretary's designee; (v) one member appointed by each investor who has committed an amount of money to the program established by subsection (a) of section 8-240k, as amended by this act; (vi) members who are low or moderate income individuals residing or operating a business in public investment communities, qualified census tracts or targeted investment communities, who shall each be appointed by unanimous consent of the other members of the board; and (vii) any additional members the board may appoint by unanimous consent of the other members of the board.

(B) The members described in subparagraphs (A)(i) to (A)(iv), inclusive, of this subdivision shall comprise not more than one-fifth of the total membership. The members described in subparagraph (A)(vi) of this subdivision shall comprise not less than one-third of the total membership.

(b) The entity may: (1) Employ a staff and fix their duties, qualifications and compensation; (2) solicit, receive and accept aid or contributions including money, property, labor and other things of value from any source; (3) establish uniform underwriting standards and approval mechanisms for financing projects; (4) retain outside

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consultants and technical experts; and (5) do all acts and things necessary and convenient to carry out the purposes of sections 8-240k to 8-240n, inclusive, as amended by this act.

(c) The purposes of the entity are to: (1) Coordinate, fund and implement investment and community development in targeted neighborhoods, including small for-profit enterprises, nonprofit organizations, and related residential properties; (2) provide funding to low and moderate income individuals to establish, maintain and expand businesses in the state; (3) provide access for borrowers to existing public and private lending and development programs and other funding sources, including, but not limited to, equity investment, loan guarantees and mortgage insurance; (4) provide technical assistance; and (5) preserve public dollars by leveraging private capital for community investment.

(d) The goals of the entity shall be to promote the following in public investment communities, in qualified census tracts, in targeted investment communities [] and state-wide in areas in which low and moderate income individuals establish, maintain and expand businesses: (1) Job creation and skill development for the unemployed and underemployed and persons receiving public assistance; (2) leveraging of private and community investment; (3) community participation in decision-making; (4) the establishment of self-sustaining enterprises; (5) improvement of the physical environment of the community and the state; (6) promotion of affirmative action and equal employment opportunities and minority-owned businesses; and (7) coordination with the state plan of conservation and development adopted under chapter 297 and local, regional and state strategic economic development plans.

(e) The entity may establish one or more local or state-wide affiliates to participate in implementation of the program established under subsection (a) of section 8-240k, as amended by this act. Each affiliate

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shall be governed by a board of directors appointed by the entity. The board of the affiliate shall reflect the categories of membership as the membership of the board of directors of the entity.

(f) Financial assistance shall be provided, in coordination with other sources of public or private funds, by the entity on a competitive basis, if feasible, to individuals, organizations, businesses, community development corporations, regional economic development corporations and any affiliate established under subsection [(c)] (e) of this section. Not less than seventy per cent of the financial assistance available under sections 8-240k to 8-240n, inclusive, as amended by this act, shall be used to assist low and moderate income individuals or for activities in public investment communities, qualified census tracts or targeted investment communities. The purposes for which such assistance may be used include, but are not limited to, direct small business and community revitalization loans, technical capacity training, loans to peer lending or borrowing groups, creation of business incubators, and development of commercial real estate for businesses owned or operated by or employing residents of public investment communities, qualified census tracts or targeted investment communities, or owned by low or moderate income individuals who are residents of the state. As used in this section, "financial assistance" means any and all forms of loans, extensions of credit, guarantees, equity investments or any other form of financing or refinancing to applicants for activities consistent with the purposes of sections 8-240k to 8-240n, inclusive, as amended by this act.

(g) The entity shall provide not less than one million dollars for technical assistance from the funds authorized for the program for the fiscal year ending June 30, 1994. The entity shall establish a system for assuring that funds are available for technical assistance on a permanent basis.

(h) On and after October 1, 2024, the entity may conduct business

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outside the state, provided the following conditions are satisfied: (1) The assets of the entity existing on October 1, 2024, shall be utilized only for the purpose of conducting business in the state; (2) any assets the entity receives on or after October 1, 2024, for the purpose of conducting business in the state shall be utilized only for such purpose; (3) not less than seventy per cent of the total assets of the entity shall, at any time, be used for conducting business in the state; and (4) the entity complies with all laws of the states in which the fund conducts business. Any assets the entity receives on or after October 1, 2024, for the purpose of conducting business outside the state shall be utilized for purposes outside the state.

Sec. 3. Section 8-240n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2024*):

On or before the second Wednesday after the convening of each regular session of the General Assembly, beginning with the 1995 regular session, the entity created pursuant to subsection (b) of section 8-240k, as amended by this act, shall submit a report in an electronic form to the joint standing committee of the General Assembly having cognizance of matters relating to [local economic development] commerce which sets forth for the year ending the preceding December [thirtieth] ~~thirtieth~~ thirty-first, (1) plans to address the goals of the entity established in subsection (b) of section 8-240k, as amended by this act; (2) activities in achieving the goals for the preceding year; [and] (3) data regarding the ratio of business conducted in the state to business conducted outside the state; and (4) a strategy for the upcoming year to achieve the goals, including adoption of specific targets. Such report shall include, but not be limited to, an annual financial statement, the name and address of each recipient of financial assistance and certification by the recipient that all applicable laws and labor regulations and fair trade practices were complied with, and the number of jobs and the types of employment provided to the unemployed,

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underemployed and persons receiving public assistance.