



General Assembly

January Session, 2019

Raised Bill No. 1137

LCO No. 7329



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES.

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

1 Section 1. (NEW) (*Effective from passage*) (a) (1) Each entity that (A) is
2 exempt from paying property tax pursuant to Section 501(c) of the
3 Internal Revenue Code of 1986, or any subsequent corresponding
4 internal revenue code of the United States, as amended from time to
5 time, and (B) (i) owns college or hospital property, as described in
6 subsection (a) of section 12-20a of the general statutes, that is subject to
7 the grants in lieu of taxes program under section 12-18b of the general
8 statutes, or (ii) maintains a pension fund, endowment fund or other
9 significant savings fund or account, shall pay a fee annually to the
10 Treasurer for deposit in the community development account
11 established under subsection (d) of this section.

12 (2) Such fee shall be equal to twenty-five per cent of the amount of
13 the property tax, calculated annually, that the entity would have paid
14 on such real property at the mill rate applicable for each assessment
15 year. Such payment shall be accompanied by a form, prescribed by the
16 Treasurer, that includes the name and address of the entity, the

17 calculated amount, the amount of the payment and any other
18 information the Treasurer requires for the purpose of this subsection.

19 (3) On and after the date the community development credit union
20 oversight council, established under section 3 of this act, designates
21 community impact zones in accordance with the provisions of said
22 section, any entity paying the fee pursuant to this subsection may
23 specify to the Treasurer the community impact zone within the
24 municipality in which the real property is located to which such fee
25 payment shall be directed.

26 (b) In addition to the entities specified under subsection (a) of this
27 section, each municipality and the state shall pay the fee calculated
28 pursuant to subdivision (2) of subsection (a) of this section, except that
29 the state shall calculate its fee payment based on the average mill rate
30 of all municipalities in the state.

31 (c) Except as specified under subdivision (3) of subsection (a) of this
32 section and subdivision (3) of this subsection, the Treasurer shall
33 annually disburse each fee payment to the community development
34 credit union designated pursuant to section 2 of this act that is located
35 in the distressed municipality, as defined in section 32-9p of the
36 general statutes, within which the real property described under
37 subdivision (1) of subsection (a) of this section is located.

38 (1) If no such credit union has been designated yet for such
39 municipality, the fee under subsection (a) of this section shall not be
40 required to be paid by the entity or municipality.

41 (2) If (A) a designated community development credit union elects
42 to be removed from or is removed from such designation and no
43 replacement has been designated, or (B) such real property is not
44 located within a distressed municipality, the Treasurer, in consultation
45 with the community development credit union oversight council, may
46 (i) disburse fees paid by the entity whose real property is located
47 within such municipality to all community development credit unions

48 located in community impact zones within another municipality, or (ii)
49 transfer such fees to an evergreen subaccount within the community
50 development account established under subsection (d) of this section.

51 (3) The Treasurer shall disburse annually each fee payment (A)
52 made by a municipality to the community development credit union
53 located within such municipality, and (B) made by the state to all
54 community development credit unions in the state in equal amounts.

55 (d) Each community development credit union that receives fee
56 payments made pursuant to subsection (a) of this section shall
57 administer individual accounts for each entity making such payments
58 and shall invest such payments in a manner determined by such credit
59 union, provided any returns generated by investing such payments
60 shall be distributed annually as follows: (1) One-sixth shall be
61 deposited in the evergreen subaccount within the community
62 development account established under subsection (d) of this section
63 to be continually reinvested; (2) one-third shall be returned to the
64 entity that remitted payments pursuant to subdivision (1) of subsection
65 (a) of this section, provided an entity may elect to reinvest such return
66 with such credit union; and (3) one-half shall be made available for
67 disbursements for eligible programs, services, activities and efforts
68 approved by the community development credit union oversight
69 council.

70 (e) There is established an account to be known as the "community
71 development account" which shall be a separate, nonlapsing account
72 within the General Fund. The account shall contain any moneys
73 required by law to be deposited in the account. Moneys in the account
74 shall be expended by Treasurer, in consultation with the community
75 development credit union oversight council established under section
76 3 of this act, in accordance with the provisions of this section.

77 Sec. 2. (NEW) (*Effective from passage*) (a) There are established
78 community development credit unions to further the community

79 restoration and revitalization purposes set forth in this section.

80 (b) (1) Any Connecticut credit union organized under chapter 667 of
81 the general statutes and in compliance with the provisions of said
82 chapter or Connecticut credit union service organization, as defined in
83 section 36a-2 of the general statutes, may apply to the community
84 development credit union oversight council established under section
85 3 of this act to be designated as a community development credit
86 union.

87 (2) To be designated as a community development credit union, a
88 Connecticut credit union or Connecticut credit union service
89 organization shall:

90 (A) Serve low-income and moderate-income people and
91 communities that have limited access to affordable financial services
92 and products, with priority given to credit unions that specialize in (i)
93 providing home mortgages or small business loans to members with
94 imperfect, limited or no credit history, (ii) providing financial
95 education and counseling to its members, and (iii) offering products,
96 services and support at a low or reasonable cost to its members; and

97 (B) Agree to focus its activities and efforts to support the purposes
98 set forth in section 2 of this act.

99 (c) Each community development credit union shall:

100 (1) Submit its governance structure to the community development
101 credit union oversight council for review;

102 (2) If applicable and necessary, expand its field of membership in
103 accordance with section 36a-438a of the general statutes, to allow all
104 residents of all community impact zones within the municipality in
105 which such credit union is located, to be members of such credit union;

106 (3) Offer or agree to offer free or low-cost basic checking and
107 savings account services to all residents of the community impact zone

108 in which it is located;

109 (4) Agree to establish or relocate a location in a community impact
110 zone after such zones are designated pursuant to section 3 of this act.
111 Such credit union shall not be precluded from establishing or having
112 locations elsewhere in the state or establishing or having multiple
113 locations within the municipality in which the community impact zone
114 is located; and

115 (5) Develop and issue social impact bonds to support or supplement
116 the community development efforts of such credit union. Such bonds
117 shall be designed to maximize tax benefits to investors where the
118 community impact zone in which such credit union is located aligns
119 with federal qualified opportunity zones.

120 (d) The goals and purposes of each community development credit
121 union shall be as follows:

122 (1) To provide programs, services and assistance or issue grants to
123 support community reinvestment strategies in the community impact
124 zone in which such credit union is located, including, but not limited
125 to, the following, in order of priority:

126 (A) Encouraging early childhood initiatives through the provision,
127 directly or in collaboration with other entities, of free or low-cost early
128 childhood education services to families that reside within the
129 community impact zone, without regard to family income level. Such
130 services shall include kindergarten preparedness and kindergarten
131 readiness assessments. The credit union may expand such services
132 beyond the community impact zone but within the municipality to
133 areas with poverty levels above the municipal average;

134 (B) Increasing achievement at public elementary and middle schools
135 located in the community impact zone. The credit union shall
136 coordinate with school officials of such schools to submit grant
137 applications to the community development credit union oversight

138 council to supplement per-student funding for such schools to match
139 or approach the highest levels of per-student funding at any
140 elementary or middle school in the state. Schools that receive such
141 grants shall (i) set goals to achieve scores in the top percentiles on the
142 state-wide mastery examination under section 10-14n of the general
143 statutes. The council shall set specific target goals for each school that
144 receives a grant pursuant to this subparagraph, and (ii) guarantee that
145 a student residing in the community impact zone will be able to attend
146 that specific school;

147 (C) Rebuilding community assets through:

148 (i) The construction, renovation or repair of neighborhood
149 structures or assets of economic or other community significance,
150 including, but not limited to, playgrounds, sidewalks, parks,
151 community centers, senior centers, public libraries, urban gardens and
152 green spaces. Projects that receive funding under this subparagraph
153 shall be owned by the federal, state or municipal government, the
154 community development credit union or a resident of the municipality
155 in which such structure or asset is located. The credit union shall seek
156 to train residents of the community impact zone to perform some of
157 the work such projects require, directly or indirectly through
158 partnerships with existing technical education and apprenticeship
159 programs and with other entities; and

160 (ii) The retention, sale or rental of such projects after completion,
161 provided any sale shall be to a resident of the community impact zone
162 only. The community development credit union may develop a
163 cooperative model for owning and renting such projects;

164 (D) Increasing owner-occupancy of residential buildings through:

165 (i) Tracking and undertaking efforts to increase the percentage of
166 owner-occupied residential buildings in the community impact zone.
167 The credit union shall set five-year target percentages and shall
168 periodically evaluate and revise such target amounts;

169 (ii) The restoration and repair of multifamily rental buildings
170 located in the community impact zone to convert such buildings into
171 owner-occupied residential buildings or multifamily cooperative
172 buildings with at least one unit to be a rental unit. Projects that receive
173 funding under this subparagraph shall be owned by the community
174 development credit union or a resident of the municipality in which
175 such project is located. A multifamily rental building that is not owned
176 by such credit union or resident may be considered for funding under
177 this subparagraph, provided the owner of such building agrees, in
178 writing, to terms set forth by the credit union that further the purposes
179 of this section. The credit union may promote participation in existing
180 state and housing programs to encourage owner occupancy; and

181 (iii) The retention, sale or rental of such buildings after completion,
182 provided any sale shall be to a resident of the community impact zone
183 only. The community development credit union may develop a
184 cooperative model for owning and renting such buildings;

185 (E) Supporting pathways to home ownership through the offering
186 of home buyer education and financial literacy programs in
187 partnership with existing programs. Each community development
188 credit union may develop and offer subsidized or incentivized
189 financial products for individuals who participate in such programs;

190 (F) Creating pipelines to employment for residents of a community
191 impact zone through:

192 (i) The implementation of or participation in community work-
193 based training programs, in consultation or coordination with other
194 organizations, including, but not limited to, the Workforce Investment
195 Boards. Such programs shall provide preapprenticeship or
196 apprenticeship opportunities by providing instruction or training to
197 increase literacy, mathematics and other technical, prevocational or
198 vocational skills and connecting workforce, economic development
199 and education systems with businesses and other stakeholders in the

200 community impact zone. All such efforts undertaken by a community
201 development credit union shall focus on the residents of the
202 community impact zone in which such credit union is located and on
203 businesses offering or carrying out training programs, in order of
204 priority, (I) within the community impact zone, (II) within the
205 municipality in which the community impact zone is located, or (III)
206 without the municipality; and

207 (ii) The placement of residents of the community impact zone with
208 businesses offering employment or on-the-job training that are, in
209 order of priority, (I) within the community impact zone, (II) within the
210 municipality in which the community impact zone is located, or (III)
211 without the municipality only after the opportunities under subclauses
212 (I) and (II) of this clause have been exhausted;

213 (G) Expanding access to programs at existing community centers or
214 senior centers that serve all residents of the community impact zone,
215 regardless of age, or converting such existing centers to centers that
216 serve all residents of the community impact zone, regardless of age;
217 and

218 (H) Providing municipal residents with low-cost transportation
219 options by developing or supporting transportation alternatives within
220 and between municipalities for travel to and from employment, home,
221 school, retail stores and entertainment venues.

222 (2) If a community development credit union has insufficient funds
223 to execute to a high level of quality all of the strategies set forth in
224 subdivision (1) of this subsection, the credit union shall pursue each
225 strategy in the order listed in said subdivision, with an emphasis on
226 achieving a high level of quality in the execution and implementation
227 of such strategy before undertaking the next strategy listed.

228 (e) A community development credit union may:

229 (1) Develop low-cost or subsidized financial products and services

230 to support the community development goals set forth in subsection
231 (d) of this section and apply to the community development credit
232 union oversight council for funding for such purpose;

233 (2) Collaborate with organizations and businesses to help finance or
234 facilitate investments in real property or community structures and
235 assets pursuant to subsection (d) of this section;

236 (3) Acquire real property described in subsection (d) of this section;

237 (4) Operate as or establish a subsidiary that operates as a contractor
238 or subcontractor, provided such credit union or subsidiary complies
239 with all applicable licensing and registration requirements under the
240 general statutes; and

241 (5) Partner or contract with contractors or subcontractors to carry
242 out projects and related work for the purposes set forth in subsection
243 (d) of this section, provided the credit union shall give primary
244 priority to a contractor or subcontractor located in the community
245 impact zone in which the credit union is located and secondary
246 priority to a contractor or subcontractor located in the municipality in
247 which the credit union is located.

248 (f) Each community development credit union shall submit a
249 financial report to the community development credit union oversight
250 council, on such frequency as the council shall require but at least
251 annually and include such information as the council requires.

252 (g) (1) A community development credit union may request that its
253 designation be removed. The community development credit union
254 oversight council may grant such request, provided the council
255 identifies another Connecticut credit union or Connecticut credit union
256 service organization to replace such credit union.

257 (2) The council may remove the designation of any community
258 development credit union that the council determines is unable to or is

259 deficient in carrying out the purposes of this section, provided the
260 credit union has been afforded an opportunity to address and improve
261 any deficiencies noted by the council.

262 Sec. 3. (NEW) (*Effective from passage*) (a) As used in this section,
263 "municipality" means any town, city or borough, consolidated town
264 and city or consolidated town and borough and "distressed
265 municipality" has the same meaning as provided in section 32-9p of
266 the general statutes.

267 (b) (1) There is established a community development credit union
268 oversight council, which shall be part of the Legislative Department.
269 The council shall consist of the following members: (A) The Treasurer;
270 (B) the Commissioner of Economic and Community Development; (C)
271 the executive director of the Commission on Equity and Opportunity,
272 established pursuant to section 2-127 of the general statutes; and (D)
273 four members appointed by the Governor. In making the appointment
274 under subparagraph (D) of this subdivision, the Governor shall seek to
275 appoint individuals who have broad community knowledge and
276 experience with communities within the eligible census tracts selected
277 by the Secretary of the Office of Policy and Management pursuant to
278 subsection (e) of this section and are reflective of the ethnic, gender
279 and economic diversity of such communities. All appointments to the
280 council shall be made on or after August 1, 2019.

281 (2) The Treasurer and the Commissioner of Economic and
282 Community Development shall serve as cochairpersons of the council
283 and shall jointly schedule the first meeting of the council, which shall
284 be held not later than September 1, 2019. On and after January 1, 2020,
285 the council shall meet not fewer than six times each year. A majority of
286 the council shall constitute a quorum for the transaction of any
287 business.

288 (3) Any vacancy shall be filled by the appointing authority. Any
289 vacancy occurring other than by expiration of term shall be filled for

290 the balance of the unexpired term.

291 (4) The members of the council shall serve without compensation,
292 but shall, within the limits of available funds, be reimbursed for
293 expenses necessarily incurred in the performance of their duties.

294 (5) The administrative staff of the joint standing committee of the
295 General Assembly having cognizance of matters relating to economic
296 development shall serve as administrative staff of the council.

297 (c) The council shall:

298 (1) Establish criteria for designation as a community development
299 credit union and community impact zone and designate such credit
300 unions and zones in accordance with the provisions of this section and
301 section 2 of this act;

302 (2) Approve the programs, services and activities of and efforts
303 undertaken by community development credit unions to further the
304 purposes of section 2 of this act;

305 (3) Oversee, support and coordinate the programs, services and
306 activities of and efforts undertaken by community development credit
307 unions under section 2 of this act, within and across municipalities and
308 with other relevant state agencies, entities and initiatives;

309 (4) Advise community development credit unions, state agencies
310 and other entities with respect to the core purposes of community
311 development credit unions;

312 (5) Review the disbursement of funds to and contracts entered into
313 by community development credit unions to evaluate the impact and
314 effectiveness of such disbursements and ensure that decisions made by
315 such credit unions regarding services provided or grants or other
316 financial instruments issued are based solely on the purposes set forth
317 in section 2 of this act;

318 (6) Review the reports submitted to the council by community
319 development credit unions;

320 (7) Develop procedures by which community development credit
321 unions shall invest the fee payments they receive in community
322 development strategies, as set forth in section 2 of this act, in the
323 community impact zones within the municipalities in which such
324 credit union is located; and

325 (8) Do all things necessary to carry out its duties and responsibilities
326 under this section.

327 (d) The council shall designate community development credit
328 unions from among applicants that fulfill the requirements set forth in
329 section 2 of this act. The council may designate only one community
330 development credit union for each municipality.

331 (e) The Secretary of the Office of Policy and Management shall select
332 eligible census tracts and the council shall designate community
333 impact zones in accordance with the provisions of this subsection.

334 (1) The secretary shall select census tracts within distressed
335 municipalities that are eligible to have a community impact zone or
336 zones designated within such tract. The secretary shall consider, but
337 need not be limited to, the following metrics for each census tract: (A)
338 The educational level attained by the population, specifically the
339 percentage of the population attaining an associate degree or a
340 bachelor's degree; (B) the most recent third grade scores on the state-
341 wide mastery examination under section 10-14n of the general statutes
342 for reading; (C) the most recent third grade scores on the state-wide
343 mastery examination under section 10-14n of the general statutes for
344 mathematics; (D) the unemployment rate; (E) the state of the local
345 economy, employment availability and access and diversity of jobs; (F)
346 the percentage of the population receiving public assistance; (G) the
347 percentage of the population below the federal poverty level; (H) the
348 rate of home ownership; (I) the percentage of vacant housing; and (J)

349 crime rates.

350 (2) Not later than August 1, 2019, the secretary shall release the
351 eligible census tracts based on those that demonstrate the greatest
352 socio-economic need as indicated by subparagraphs (A) to (J),
353 inclusive, of subdivision (1) of this subsection and the criteria for an
354 area within such tract to be designated as a community impact zone.
355 Such criteria shall take into consideration the goals, purposes and
356 requirements set forth in section 2 of this act and may give weight to
357 one or more of the following: (A) The existence of a public elementary
358 school within the area; (B) the existence of an early childhood center
359 within the area; (C) the existence of a community center serving
360 children or seniors, or both, within the area; (D) the existence of a local
361 community organization comprised of residents and leaders within the
362 area, which organization's role is complementary to the goals,
363 purposes and requirements set forth in section 2 of this act; (E) the
364 proximity of the area to existing or planned public transportation; and
365 (F) existing access to an asset-based housing organization that focuses
366 on home ownership and financial literacy.

367 (3) Not later than June 1, 2020, each community development credit
368 union shall submit a proposal to the council for not more than two
369 geographically distinct areas within an eligible census tract in which
370 the credit union is located to be designated as a community impact
371 zone.

372 (4) Not later than August 1, 2020, the council shall announce its
373 selections for designated community impact zones. The council may
374 designate one community impact zone for a municipality with a
375 population of one hundred thousand or less and two community
376 impact zones for a municipality with a population of greater than one
377 hundred thousand. If the council rejects a proposal or does not
378 designate an area that a community development credit union
379 proposed, the council may allow such credit union to resubmit a
380 proposal if a community impact zone has not been designated as set

381 forth in this subdivision.

382 (5) Not later than February 1, 2021, or as soon as practicable
383 following the designations of community impact zones, each
384 community development credit union shall establish an office or
385 relocate its office within such zone.

386 (f) The council shall develop a proposal to allow social impact bonds
387 to be issued by the state to support public schools located in
388 community impact zones. Not later than February 1, 2020, the
389 Secretary of the Office of Policy and Management shall submit a
390 report, in accordance with the provisions of section 11-4a of the general
391 statutes, to the General Assembly, setting forth the proposal and
392 including recommendations on ways to leverage the federal qualified
393 opportunity zones program to support such public schools.

394 (g) (1) The council may cause to have conducted an external,
395 independent audit of any community development credit union.

396 (2) The council may request the Auditors of Public Accounts to
397 perform, and said auditors shall perform, audits and other related
398 evaluations to facilitate the council's responsibilities established under
399 this section.

400 (h) Not later than February 1, 2022, and annually thereafter, the
401 council shall submit a report to the Governor and to the General
402 Assembly, in accordance with the provisions of section 11-4a of the
403 general statutes. Such report shall include, but not be limited to, a list
404 of the community development credit unions and community impact
405 zones designated to date, a summary of the programs, services,
406 activities and efforts undertaken by such credit unions pursuant to
407 section 2 of this act and the disbursements made from the community
408 development account established under subsection (d) of section 1 of
409 this act to support such programs, services, activities and efforts.

410 Sec. 4. Section 36a-455a of the general statutes is repealed and the

411 following is substituted in lieu thereof (*Effective from passage*):

412 A Connecticut credit union may:

413 (1) Transact a general credit union business and exercise by its
414 governing board or duly authorized members of senior management,
415 subject to applicable law, all such incidental powers as are consistent
416 with its purposes. The express powers authorized for a Connecticut
417 credit union under this section do not preclude the existence of
418 additional powers deemed to be incidental to the transaction of a
419 general credit union business pursuant to this subdivision;

420 (2) (A) Issue shares to its members and receive payments on shares
421 from its members and from those nonmembers specified in subsection
422 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to
423 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, (B)
424 receive deposits of members and nonmembers subject to provisions of
425 sections 36a-456a and 36a-456b, (C) reduce the amount of its member
426 and nonmember shares and deposits, (D) expel members and cancel
427 shares in accordance with section 36a-439a, and (E) provide check
428 cashing and wire and electronic transfer services to nonmembers who
429 are within such credit union's field of membership;

430 (3) Make and use its best efforts to make secured and unsecured
431 loans and other extensions of credit to its members in accordance with
432 section 36a-265 and sections 36a-457a, 36a-457b and 36a-458a;

433 (4) Invest its funds in accordance with section 36a-459a;

434 (5) Declare and pay dividends in accordance with sections 36a-441a
435 and 36a-456c, and pay interest refunds to borrowers;

436 (6) Act as a finder or agent for the sale of insurance and fixed and
437 variable rate annuities directly, sell insurance and such annuities
438 indirectly through a Connecticut credit union service organization, or
439 enter into arrangements with third-party marketing organizations for

440 the sale by such third-party marketing organizations of insurance or
441 such annuities on the premises of the Connecticut credit union or to
442 members of the Connecticut credit union, provided: (A) Such
443 insurance and annuities are issued or purchased by or from an
444 insurance company licensed in accordance with section 38a-41; and (B)
445 the Connecticut credit union, Connecticut credit union service
446 organization or third-party marketing organization, and any officer
447 and employee thereof, shall be licensed as required by section 38a-769
448 before engaging in any of the activities authorized by this subdivision.
449 As used in this subdivision, "annuities" and "insurance" have the same
450 meanings as set forth in section 38a-41, except that "insurance" does
451 not include title insurance. The provisions of this subdivision do not
452 authorize a Connecticut credit union or Connecticut credit union
453 service organization to underwrite insurance or annuities;

454 (7) Borrow money to an amount not exceeding fifty per cent of the
455 total assets of the Connecticut credit union provided the credit union
456 shall give prior notice to the commissioner in writing of its intention to
457 borrow amounts in excess of thirty-five per cent of its total assets;

458 (8) Act as fiscal agent for the federal government, this state or any
459 agency or political subdivision thereof;

460 (9) Provide loan processing, loan servicing, member check and
461 money order cashing services, disbursement of share withdrawals and
462 loan proceeds, money orders, internal audits, automated teller
463 machine services, ACH and wire transfer services, prepaid debit cards,
464 payroll cards, digital wallet services, coin and currency services,
465 remote deposit capture services, electronic banking and other similar
466 services to other Connecticut credit unions, federal credit unions,
467 federally insured financial institutions and out-of-state credit unions;

468 (10) Provide finder services to its members, including the offering of
469 third party products and services through the sale of advertising space
470 on its web site, account statements and receipts, and the sale of

471 statistical or consumer financial information to outside vendors in
472 accordance with sections 36a-40 to 36a-45, inclusive, in order to
473 facilitate the sale of such products to the members of such Connecticut
474 credit union;

475 (11) With the prior approval of the commissioner, exercise fiduciary
476 powers;

477 (12) Maintain and rent safe deposit boxes within suitably
478 constructed vaults, provided the Connecticut credit union has
479 adequate insurance coverage for losses related to such rental;

480 (13) Provide certification services, including notary services,
481 signature guaranties, certification of electronic signatures and share
482 draft certifications;

483 (14) Act as agent (A) in the collection of taxes for any qualified
484 treasurer of any taxing district or qualified collector of taxes, or (B) for
485 any electric distribution, gas, water or telephone company operating
486 within this state in receiving moneys due such company for utility
487 services furnished by it;

488 (15) Issue and sell securities which (A) are guaranteed by the
489 Federal National Mortgage Association or any other agency or
490 instrumentality authorized by state or federal law to create a
491 secondary market with respect to extensions of credit of the type
492 originated by the Connecticut credit union, or (B) subject to the
493 approval of the commissioner, relate to extensions of credit originated
494 by the Connecticut credit union and are guaranteed or insured by a
495 financial guaranty insurance company or comparable private entity;

496 (16) Establish a charitable fund, either in the form of a charitable
497 trust or a nonprofit corporation to assist in making charitable
498 contributions, provided (A) the trust or nonprofit corporation is
499 exempt from federal income taxation and may accept charitable
500 contributions under Section 501 of the Internal Revenue Code of 1986,

501 or any subsequent corresponding internal revenue code of the United
502 States, as from time to time amended, (B) the trust or nonprofit
503 corporation's operations are disclosed fully to the commissioner upon
504 request, and (C) the trust department of the credit union or one or
505 more directors or members of senior management of the credit union
506 act as trustees or directors of the fund;

507 (17) In the discretion of a majority of its governing board, make
508 contributions or gifts to or for the use of any corporation, trust or
509 community chest, fund or foundation created or organized under the
510 laws of the United States or of this state and organized and operated
511 exclusively for charitable, educational or public welfare purposes, or of
512 any hospital which is located in this state and which is exempt from
513 federal income taxes and to which contributions are deductible under
514 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
515 corresponding internal revenue code of the United States, as from time
516 to time amended;

517 (18) Subject to the provisions of section 36a-455b, sell, pledge or
518 assign any or all of its outstanding extensions of credit to any other
519 lending institution, credit union service organization or quasi-
520 governmental entity and any government-sponsored enterprise, and
521 act as collecting, remitting and servicing agent in connection with any
522 such extension of credit and charge for its acts as agent. Any such
523 credit union may purchase the minimum amount of capital stock of
524 such entity or enterprise if required by that entity or enterprise to be
525 purchased in connection with the sale, pledge or assignment of
526 extensions of credit to that entity or enterprise and may hold and
527 dispose of such stock, provided that with respect to purchases of stock
528 of a credit union service organization, the Connecticut credit union
529 shall not exceed the limitations of section 36a-459a. A Connecticut
530 credit union may purchase one or more outstanding extensions of
531 credit from any other lending institution and any federally-recognized
532 Native American tribe, provided there exists a formal written
533 agreement with tribal government to permit the credit union to service

534 and collect on such extensions of credit;

535 (19) Subject to the provisions of section 36a-455b, sell a participating
536 interest in any or all of its outstanding extensions of credit to and
537 purchase a participating interest in any or all of the outstanding
538 extensions of credit of any financial institution or credit union service
539 organization pursuant to an appropriate written participation and
540 servicing agreement to be signed by all parties involved in such
541 transaction;

542 (20) With the approval of the commissioner, join the Federal Home
543 Loan Bank System and borrow funds as provided under federal law;

544 (21) Subject to the provisions of section 36a-455b, sell all or part of
545 its assets, other than extensions of credit, to other lending institutions,
546 purchase all or part of the assets, other than extensions of credit, of
547 other lending institutions, and assume all or part of the shares and the
548 liabilities of any other credit union or out-of-state credit union;

549 (22) With the prior written approval of the commissioner, engage in
550 closely related activities, unless the commissioner determines that any
551 such activity shall be conducted by a credit union service organization
552 of the Connecticut credit union, utilizing such organizational,
553 structural or other safeguards as the commissioner may require, in
554 order to protect the Connecticut credit union from exposure to loss. As
555 used in this subdivision, "closely related activities" means those
556 activities that are closely related, convenient and necessary to the
557 business of a Connecticut credit union, are reasonably related to the
558 operation of a Connecticut credit union or are financial in nature
559 including, but not limited to, business and professional services, data
560 processing, courier and messenger services, credit-related activities,
561 consumer services, services related to real estate, financial consulting,
562 tax planning and preparation, community development activities, or
563 any activities reasonably related to such activities;

564 (23) Engage in any activity that a federal credit union or out-of-state

565 credit union may be authorized to engage in under state or federal law,
 566 provided the Connecticut credit union file with the commissioner prior
 567 written notice of its intention to engage in such activity. Such notice
 568 shall include a description of the activity, a description of the financial
 569 impact of the activity on the Connecticut credit union, citation of the
 570 legal authority to engage in the activity under state or federal law, a
 571 description of any limitations or restrictions imposed on such activity
 572 under state or federal law, and any other information that the
 573 commissioner may require. The Connecticut credit union may engage
 574 in any such activity unless the commissioner disapproves such activity
 575 not later than thirty days after the notice is filed. The commissioner
 576 may adopt regulations in accordance with chapter 54 to ensure that
 577 any such activity is conducted in a safe and sound manner with
 578 adequate consumer protections. The provisions of this subdivision do
 579 not authorize a Connecticut credit union or a Connecticut credit union
 580 service organization to sell title insurance;

581 (24) (A) If designated as a community development credit union in
 582 accordance with the provisions of section 2 of this act, engage in any
 583 activity authorized for a community development credit union under
 584 said section, and (B) issue social impact bonds in accordance with
 585 subdivision (5) of subsection (c) of section 2 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	36a-455a

Statement of Purpose:

To use deposits in lieu of taxes to implement certain community restoration and revitalization efforts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]