

PA10-147

SB108

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**JOINT
STANDING
COMMITTEE
HEARINGS**

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Bradley monarch. It's got a nice ring to it.

Well if, statutorily, you could serve on the board of directors, I would nominate you with that kind of passion and enthusiasm and institutional knowledge. It's a great answer, and I think it's something we should all be aware of as a committee in ushering this bill forward, hopefully, to successful passage further on down the road.

Thank you, Mr. Chairman.

SENATOR KISSEL: Thank you, Senator. You're very kind.

SENATOR LeBEAU: Thank you, Senator.

Any further comments or questions from members of the committee?

Thank you very much, Senator.

SENATOR KISSEL: Thank you all so much.

SENATOR LeBEAU: Next up will be Marie O'Brien and Tony Roberto.

MARIE O'BRIEN: Good afternoon, Senator LeBeau, Representative Berger, members of the committee. My name is Marie O'Brien. I'm president of the Connecticut Development Authority. And with me is Tony Roberto, our chief operating officer.

SB108
SB110
HB5115

We're going to speak to the three bills before you that have to do with the Connecticut Development Authority. And first, my apologies. A written testimony will be available to you this afternoon.

In commenting on the three bills, one

concerning a statutory change that would allow CDA to contract with the federal government; the second, and it has to do with our tax incremental financing program that has been very helpful in rejuvenating brownfield sites and making them bright field sites. And then, finally, a recurring public auditor's comment with regard to our reporting on our financial assistance activity.

But let me speak directly to Raised Senate Bill 108, AN ACT CONCERNING THE CONNECTICUT DEVELOPMENT AUTHORITY'S PARTICIPATION IN CERTAIN FEDERAL LOAN AND GRANT PROGRAMS. Thank you so much for raising this bill quickly and for expediting this hearing.

The bill makes changes to CDA's statutes that would allow us to take full advantage of the recent Department of Energy's many financing programs for energy projects. The bill amends our statutory powers of the authority to enable CDA to enter into all types of contracts with the federal government and thus be the recipient of grants, loans, loan guarantees, and any other new project development and financing program benefits. And there have been quite a few that the DOE has, in fact, installed, especially since the passage of the American Recovery and Reinvestment Act last year.

The change adds the federal government to the definition of person. We're listing the parties with whom CDA can engage in financial agreements or contracts. This would provide an opportunity for our state to attract dollars for renewable energy, energy efficiency or energy component manufacturing projects, among others, and to meet the State's economic development goals in this area.

Specifically, with this change, CDA will be able to take advantage of the loan guarantee program for small projects. This program was allocated \$4 billion last year, and that's another "b," four billion just last year. The \$4 billion is intended to support more than \$32 billion in energy projects and energy technology job growth. Qualifying projects, especially small projects under \$25 million, will need financial partners like the CDA to minimize transaction costs, to enhance project credit ratings, and to meet underwriting criteria.

For our state, these projects are often considered too small by the large energy financiers to warrant their attention. CDA and other state partner entities are committed to increasing the number of these projects and believe this is an important arena for job growth and energy and technology.

The eligible projects that have been identified by the Department of Energy are many. And as a development finance organization, CDA can participate in financing these projects and bring them to reality in our state.

So you might ask, well, what are some examples? Alternative fuel vehicles and a whole host of activities under that category; biomass, efficient electricity transmission, distribution and storage; and in the storage area we're looking at battery manufacturing; energy efficient building technologies and applications, many of those, in fact, might be IT based; geothermal, hydrogen and fuel cell technologies, solar, stand-alone projects like industrial energy efficiency, implementation of fuel cells into both stationary and

vehicular applications; and the integration of energy efficiency into both commercial and industrial facilities.

Together with the Connecticut Clean Energy Fund, one of our partners, CDA has submitted information on our state's capabilities to the DOE. And if selected by the DOE, we believe we can effectively stimulate the Connecticut economy and build on the Connecticut heritage in certain energy disciplines.

We thank you for your attention to this request. We thank you for the bills earliest effective date. That's going to be extremely important for us as some of these DOE timelines and deadlines are highly competitive, and we ask that you continue to provide an expedited pathway for the bill.

And I would like to turn this over to Tony and have him give you comments on the other two bills. Thank you.

TONY ROBERTO: Good afternoon, Senator LeBeau and Representative Berger and distinguished members of the committee.

My name is, again, Tony Roberto, and I'm the executive director of the Connecticut Development Authority.

The first bill I'd like to talk about is Number 110, AN ACT ELIMINATING THE SUNSET PROVISIONS FOR TAX INCREMENTAL FINANCING PROGRAMS. As you know, the Connecticut Development Authority is a quasi-public agency with financial expertise and other resources necessary that -- to achieve the state's economic and development goals.

We accomplish this through providing debt

SENATOR LeBEAU: Okay. I'd really like to have written testimony --

TONY ROBERTO: Thank you.

SENATOR LeBEAU: -- because it's -- there's a lot of complexities in this. And it's trying to take notes at the same time that you're talking and saying what you said. It really makes it much easier if we have that, that written testimony.

I understand, we had a four-day weekend. We had a snowstorm last week. But what's -- moving forward, perhaps we can take care of that. And if we get that testimony as soon as possible, I'd appreciate it. And I save everything -- exactly. I put it in the notebook and review it.

The comment -- I just wanted to ask a question. President O'Brien, I'm looking at the wording of the bill, let me see, of SB 108 and the changes -- and the statutory change that you're proposing.

I just want to have to get this correct. After 11, except from a federal agency, loans, grants or loan guarantees or otherwise participate in any loan grant, loan guarantee or other financing, what would there -- what other financing would there be?

MARIE O'BRIEN: Well, given the ingenuity with which the federal government has handled the number of our financial problems, we tried to, in this correction to the statutes, provide for any conceivable new idea of how one would finance a project.

SENATOR LeBEAU: Okay. So you're leaving --

MARIE O'BRIEN: So we --

SENATOR LeBEAU: -- essentially, you're kind of leaving the door open for what the federal government does so that we can work with the federal government --

MARIE O'BRIEN: Exactly.

SENATOR LeBEAU: -- to work with them in any kind of ARRA or other new laws that are passed and different financial instruments, whatever.

MARIE O'BRIEN: Exactly. These are the portions of the statute that provide these -- the authority for the Connecticut Development Authority to engage with any partner in a financial contract. And so we don't go to them very often to do any kind of cleanup work. And we decided that this time around, if we had to go in and -- and make up for the absence of a partner as significant as the federal government, we wanted to at least be able to make the change this year as broad as possible so that we wouldn't be coming forward again and again -- again given what we think may happen.

The other provision you'll see in here that is also a little unusual is talking about any subdivision of the federal government. We don't expect that the federal government is going to subdivide. But you don't know whether in one of the financing schemes there not -- might not be some kind of a -- a new financial and federal entity that we should just make provisions for, so this is more good housekeeping.

SENATOR LeBEAU: For instance, Small Business Administration loans that -- or small

business, working with the Small Business Administration, would that be a subdivision of the federal government?

MARIE O'BRIEN: That actually is the -- it is the federal government.

SENATOR LeBEAU: Okay.

MARIE O'BRIEN: But there could be a specific bank or another type of entity that the SBA or the federal government might set up that we would want to take -- we would want to work with.

SENATOR LeBEAU: Okay. That almost -- it may almost be too broad because I'm not sure that, again, as you said, because they would -- would they be part of the federal government --

MARIE O'BRIEN: They would be part of the --

SENATOR LeBEAU: -- if they were something that -- I mean, is General Motors part of the federal government, with 80 percent stock ownership by the federal government?

MARIE O'BRIEN: Right. Right. Our intent here is to make the correction to the CDA statutes that will allow us to participate with the federal government in any kind of a financing mechanism or contract or agreement to meet the goal, the economic development goals for the State of Connecticut.

And so we have provided language here and suggested some language that leaves it as open as possible. So that we can respond as quickly as possible. The -- what we observed last year is that not only did the ARRA Act pass fairly quickly, but that -- but that we were soon facing solicitations or requests for

information from federal agencies that had very competitive deadlines and timelines, as well as competitive criteria. And we wanted to be sure that we are going to be able to meet those.

SENATOR LeBEAU: Could you expand on that, Marie, a little bit? I mean, are there things that we have not, given the current language about what CDA can do and cannot do, are there specifics? Can you be specific about what we were not able to do under the current language?

MARIE O'BRIEN: We were not able to participate in a loan guarantee to help finance, for example, a fuel cell project in the state.

SENATOR LeBEAU: You know how to hit a guy right in the heart.

MARIE O'BRIEN: Because we could not accept funds from the federal government or participate with the federal government's program that would allow us to match our loan guarantee program with the new federal loan guarantee program.

SENATOR LeBEAU: That's -- that's very helpful. That was specific like that where I can say, you know, to people who sit in the House and the Senate that --

MARIE O'BRIEN: Right..

SENATOR LeBEAU: -- there were programs that we were cut out of because with -- without this change (inaudible) --

MARIE O'BRIEN: Right. I think the other point that might be of interest to you, is that the federal loan guarantee program has been in

existence since at least 2007. And the federal Department of Energy has not actually been able to use the provisions of that program until ARRA, not only funded it to that \$4 billion level, but also provided some new and much more realistic financial underwriting requirements.

Those underwriting requirements are very familiar to us because we actually engage in a number of loan guarantees as your economic development partner. But these were unfamiliar at the federal government level. So we're actually -- we intend to be in partnership programs. We're bringing our own state leadership and our state expertise to the federal government in these loan guaranteed energy projects.

SENATOR LeBEAU: Very good.

Questions by members of the committee?

Senator Frantz.

SENATOR FRANTZ: Thank you, Mr. Chair. Marie and Tony, thank you very much for coming today. We appreciate it.

For either of you, in Bill 5115, there's the provision that some sensitive financial information of an applicant or a company receiving CDA assistance could be revealed to certain members of the committee, to the certain members of the executive branch.

I'm just curious how much -- how detailed the information is. Is it anticipated that it's very in-depth information? Is it something that could cause potential borrowers in the state of Connecticut to balk at a potential financing with CDA, or CI for that matter?

**Testimony of Marie C. O'Brien, President
Connecticut Development Authority
to the Commerce Committee**

**IN SUPPORT OF RAISED SENATE BILL 108
AN ACT CONCERNING THE CONNECTICUT DEVELOPMENT AUTHORITY'S
PARTICIPATION IN CERTAIN FEDERAL LOAN AND GRANT PROGRAMS**

February 16, 2010

Good afternoon Senator LeBeau, Representative Berger and members of the Commerce Committee. My name is Marie O'Brien, President of the Connecticut Development Authority.

First, I would like to thank you for raising SB 108, An Act Concerning the Connecticut Development Authority's Participation in Certain Federal Loan and Grant Programs and for expediting this hearing. The bill makes changes to CDA's statutes that would allow the Authority to take full advantage of the federal Department of Energy's (DOE) many financing programs for energy projects.

This bill amends C.G.S. 32-23d, which sets forth the "powers of the authority" to enable CDA to enter into contracts with the federal government and thus be the recipient of loans as well as loan guarantees. The proposed statutory change adds the federal government to the definition of those with whom the CDA can enter into contracts.

CDA's current enabling language does NOT include the federal government under its definition of "person". Without this change in our statutes, CDA will NOT be able to take advantage of the federal U.S. Department of Energy's loan guarantee program, nor would CDA have the ability to contract with the federal government. This loan guarantee program was allocated \$4 billion last year, intended to support more than \$32 billion in energy projects and energy technology job growth. Qualifying projects, especially small projects under \$25 million, will need financial partners like the CDA to minimize transaction costs, enhance credit ratings and meet underwriting criteria. For our state, these projects are often considered too small by the large energy financiers to warrant attention. CDA and other state partner entities are committed to increasing the number of these projects and believe this is an important arena for job growth in energy and technology.

Eligible projects were identified in the recent Department of Energy (DOE) Solicitation for Projects that Employ Innovative Energy Efficiency, Renewable Energy, and Advanced Transmission and Distribution Technologies. As a "development finance organization" (DFO), CDA can participate in the financing for these projects and bring them to reality in our state:

- Alternative Fuel Vehicles
- Biomass
- Efficient Electricity Transmission, Distribution and Storage
- Energy Efficient Building Technologies and Applications
- Geothermal
- Hydrogen and Fuel Cell Technologies
- Energy Efficiency Projects
- Solar
- Wind and Hydropower
- Manufacturing Projects
- Other Stand-alone Projects like industrial energy efficiency, implementation of fuel cells into stationary or vehicular applications, integration of energy efficiency into commercial, residential or industrial facilities

Together with the Connecticut Clean Energy Fund, CDA has submitted information on state capabilities and, if selected by DOE, we believe we can effectively stimulate the Connecticut economy and build on the Connecticut heritage in certain energy disciplines.

We thank you for your attention to this request for the bill's earliest effective date and ask that you continue to provide an expedited pathway for the bill.

Thank you for this opportunity to comment.

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GENERAL ASSEMBLY
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REP. OLSON (46th):

Thank you, Mr. Speaker, I move for the immediate suspension of the rules -- I move for the suspension of the rules for the immediate consideration of House Calendar Number 499.

DEPUTY SPEAKER GODFREY:

Is there objection? Hearing none, Mr. Clerk, 499.

THE CLERK:

On page 27, Calendar 499, Substitute for Senate Bill Number 108, AN ACT CONCERNING THE CONNECTICUT DEVELOPMENT AUTHORITY'S PARTICIPATION IN CERTAIN FEDERAL LOAN AND GRANT PROGRAMS, favorable report by the Committee on Finance, Revenue and Bonding.

DEPUTY SPEAKER GODFREY:

Representative Zalaski.

REP. ZALASKI (81st):

Hello, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Hello.

REP. ZALASKI (81st):

I move for acceptance of the joint committee's favorable report and passage of the bill --

DEPUTY SPEAKER GODFREY;

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Question is on passage.

REP. ZALASKI (81st):

- in concurrence with the Senate.

I already said it.

Move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER GODFREY:

Question is on passage. Will you remark?

Representative Zalaski.

REP. ZALASKI (81st):

Yes, Mr. President, this bill allows the Connecticut Development Authority, CBA, to join federal agencies in financing economic development projects.

I'd like to move this bill to consent.

DEPUTY SPEAKER GODFREY:

Motion is to move this bill to he consent calendar. Is there objection? Hearing none, it is so ordered.

Representative Olson.

REP. OLSON (46th):

Mr. Speaker, I move this item to the consent calendar.

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Representative Roy.

REP. ROY (119th):

Mr. Speaker, without objection, can I move this to consent?

DEPUTY SPEAKER GODFREY:

Without objection, this item is moved to the consent calendar.

Ladies and gentlemen, I'm going to call on Representative Olson to call today's consent calendar.

Representative Olson.

REP. OLSON (46th):

Thank you, Mr. Speaker. We are about to vote on SB108 SB302 today's lengthy consent calendar. The items we have SB250 HB5398 moved to consent are: SB153 SB175

Calendar Numbers 499, 487, 180, 507, 430, 396, SB412 SB428 535, 497, 522, 517, 510, 155, 466 and 489. Thank you, SB121 SB427 Mr. Speaker. SB370 HB5420 SB354 SB272

DEPUTY SPEAKER GODFREY:

Thank you, madam. And as soon as we get this up on the board.

Representative Olson.

REP. OLSON (46th):

Thank you, Mr. Speaker. Actually, we have already voted on item 430. I want to thank

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Representative Hamzy for being so diligent and
watching the calendar. I make a motion to remove Item
4370 from the consent calendar. Thank you, Mr.

SB153

Speaker.

DEPUTY SPEAKER GODFREY:

I believe we have corrected the error.

As you can see, the consent calendar is on the
board. Representative Olson has moved passage of the
bills on the consent calendar.

Staff and guests, please come to the well of the
house. Members, take your seats, the machine will be
opened.

THE CLERK:

The House of Representatives is voting by roll
call. Members to the Chamber. The House is voting
today's consent calendar by roll call. Members to the
Chamber.

SPEAKER DONOVAN:

Have all the members voted? Have all the members
voted? Please check the roll call board and make sure
your votes were properly cast. If all the members
have voted, the machine will be locked. Clerk,
please announce the tally. Clerk, please announce the
tally.

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THE CLERK:

On today's consent calendar.

Total Number Voting	150
Necessary for Adoption	76
Those voting Yea	150
Those voting Nay	0
Those absent and not voting	1

SPEAKER DONOVAN:

The consent calendar passes.

Representative Olson.

REP. OLSON (46th):

Thank you, Mr. Speaker. I move to -- I move for the immediate transmission of all times acted upon that require further action in the Senate. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Motion for immediate transmittal to the Senate of all items acted upon needing further action. Any objection? Hearing none, the bills and items are immediately transmitted.

Will the Clerk please call Calendar 430 --

Will the Clerk please call Calendar 422.

THE CLERK:

On page 19, Calendar 422, Senate Bill Number 430,

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So ordered.

SENATOR LOONEY:

Thank you, Mr. President.

And -- and finally another item, calendar page 35, Calendar 274, Senate Bill 305 should be removed from the Consent Calendar and marked go.

THE CHAIR:

Without objection.

SENATOR LOONEY:

Thank you, Mr. President.

And another item -- an item to add to the Consent Calendar, calendar page 29, Calendar 169, Senate Bill 108.

Mr. President would move to place that item on the Consent Calendar.

THE CHAIR:

Motion on the floor to place Calendar 169, Senate Bill 108 on Consent.

Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, returning to -- to items marked -- marked go, would ask the Clerk to -- to next call from calendar page 38, Calendar 376, House Bill 5254 and after

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calendar page 32, Calendar 218, Substitute for Senate Bill 302; Calendar 223, Substitute for Senate Bill 380; Calendar 230, Senate Bill 283; calendar page 33, Calendar 235, Substitute for Senate Bill 216; calendar page 34, Calendar 258, Substitute for Senate Bill 274; calendar page 35, Calendar 316, Substitute for Senate Bill 278; calendar page 36, Calendar 318, Substitute for Senate Bill 418 and calendar page 40, Calendar 546, Senate Resolution Number 17.

Mr. President, I believe that completes the items placed on the Consent Calendar.

THE CHAIR:

The machine is open on the Consent Calendar.

THE CLERK:

The Senate is voting by roll call on the Consent Calendar. Will all senators please return to the chamber? The Senate is voting by roll on the Consent Calendar. Will all senators please return to the chamber?

THE CHAIR:

Senators please check the board to make certain that your vote is properly recorded. If all Senators have voted and all Senators votes are properly recorded, the machine will be locked

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and the Clerk may take a tally.

THE CLERK:

Motion is on passage of Consent Calendar
Number 1.

Total Number Voting	35
Those Voting Yea	35
Those Voting Nay	0
Those Absent, Not Voting	1

THE CHAIR:

Consent Calendar 1 is adopted.

Senator Looney.

SENATOR LOONEY:

Yes thank you, Mr. President.

Mr. President, I would yield the floor to any
members for announcements or points of personal
privilege.

THE CHAIR:

Are there announcements or points of personal
privilege? Are there announcements or points of personal
privilege?

Seeing none, Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

For purposes of -- or first of all would move for immediate transmittal to the House of Representatives of any items acted upon today requiring additional action in that chamber.

THE CHAIR:

Is there objection?

Seeing none, so ordered.

SENATOR LOONEY:

Yes thank you, Mr. President.

Mr. President, for purposes of -- of a Journal notation.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Yes thank you, Mr. President.

Senator Slossberg was absent today and missed votes due to a period of mourning in her family.

THE CHAIR:

The Journal will note.

SENATOR LOONEY:

Mr. President, if we might stand at ease for just a moment.

THE CHAIR:

Would the Senate please stand at ease?