



General Assembly

Substitute Bill No. 1138

January Session, 2019



AN ACT CONCERNING COMMUNITY RESTORATION FUNDS.

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

1 Section 1. (NEW) (*Effective from passage*) (a) There are established
2 community development corporations, which shall use the revenue
3 from the taxes imposed under subsection (b) of section 6 of this act and
4 the portion of the tax received and retained by the state from sales
5 subject to the tax under subsection (b) of section 7 of this act, for the
6 community restoration and revitalization purposes set forth in this
7 section and section 2 of this act. Such moneys shall be disbursed by
8 and used in coordination with the community development
9 corporation oversight council established under section 3 of this act.

10 (b) (1) Any entity that is exempt from tax pursuant to Section 501(c)
11 of the Internal Revenue Code of 1986, or any subsequent
12 corresponding internal revenue code of the United States, as amended
13 from time to time, and is located in a distressed municipality, as
14 defined in section 32-9p of the general statutes, at the time such entity
15 submits an application for designation, may apply to the council to be
16 designated as a community development corporation.

17 (2) To be eligible to be designated as a community development
18 corporation, such entity shall:

19 (A) (i) Have demonstrated effectiveness in, or have been formed for
20 the purpose of, building, attracting and retaining neighborhood
21 wealth, and (ii) provide financial, educational or related services to
22 support initiatives that concentrate investments in human capital and
23 infrastructure in a specific neighborhood or neighborhoods, with
24 measureable community revitalization achievements;

25 (B) Agree to focus all its efforts in the distressed municipality in
26 which it is located;

27 (C) Agree to establish or relocate its primary office in a community
28 impact zone within the municipality after such zones are designated
29 pursuant to section 3 of this act; and

30 (D) Agree to establish or relocate any auxiliary locations to within
31 the boundaries of the municipality in which the corporation is located.

32 (c) (1) Each community development corporation shall provide
33 programs, services and assistance or issue grants to support
34 community reinvestment strategies in the community impact zone in
35 which such corporation is located, including, but not limited to, the
36 following, in order of priority:

37 (A) Encouraging early childhood initiatives through the provision,
38 directly or in collaboration with other entities, of free or low-cost early
39 childhood education services to families that reside within the
40 community impact zone, without regard to family income level. Such
41 services shall include kindergarten preparedness and kindergarten
42 readiness assessments. The corporation may expand such services
43 beyond the community impact zone but within the municipality to
44 areas with poverty levels above the municipal average;

45 (B) Increasing achievement at public elementary and middle schools
46 located in the community impact zone. The corporation shall
47 coordinate with officials of such schools to submit grant applications to
48 the community development corporation oversight council to
49 supplement per-student funding for such schools to match or

50 approach the highest levels of per-student funding at any elementary
51 or middle school in the state. Schools that receive such grants shall (i)
52 set goals to achieve scores in the top percentiles on the state-wide
53 mastery examination under section 10-14n of the general statutes. The
54 council shall set specific target goals for each school that receives a
55 grant pursuant to this subparagraph, and (ii) guarantee that a student
56 residing in the community impact zone will be able to attend that
57 specific school;

58 (C) Rebuilding community assets through:

59 (i) The construction, renovation or repair of neighborhood
60 structures or assets of economic or other community significance,
61 including, but not limited to, playgrounds, sidewalks, parks,
62 community centers, senior centers, public libraries, urban gardens and
63 green spaces. Only projects for structures or assets that are owned by
64 the federal, state or municipal government, the community
65 development corporation located in the community impact zone
66 where such structure or asset is located, the partnered community
67 development credit union, as described in section 2 of this act, or a
68 resident of the municipality in which such structure or asset is located
69 shall be eligible to receive funding under this subparagraph. The
70 corporation shall seek to train residents of the community impact zone
71 to perform some of the work such projects require, directly or
72 indirectly through partnerships with existing technical education and
73 apprenticeship programs and with other entities; and

74 (ii) The retention, sale or rental of such structures or assets after
75 completion, provided any sale shall be to a resident of the community
76 impact zone only. The partnered community development credit
77 union may develop a cooperative model for owning and renting such
78 structures or assets;

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

80 (i) Tracking and undertaking efforts to increase the percentage of

81 owner-occupied residential buildings in the community impact zone.
82 The corporation shall set five-year target percentages and shall
83 periodically evaluate and revise such target amounts;

84 (ii) The restoration and repair of multifamily rental buildings
85 located in the community impact zone to convert such buildings into
86 owner-occupied residential buildings or multifamily cooperative
87 buildings with at least one unit to be a rental unit. Only projects for
88 multifamily rental buildings owned by the community development
89 corporation located in the community impact zone, the partnered
90 community development credit union or a resident of the municipality
91 in which such building is located shall be eligible to receive funding
92 under this subparagraph. A multifamily rental building that is not
93 owned by such corporation, credit union or resident may be
94 considered for funding under this subparagraph, provided the owner
95 of such building agrees, in writing, to terms set forth by the
96 corporation that further the purposes of this section. The corporation
97 may promote participation in existing state and housing programs to
98 encourage owner occupancy; and

99 (iii) The retention, sale or rental of such buildings after completion,
100 provided any sale shall be to a resident of the community impact zone
101 only. The corporation or the partnered community development credit
102 union may develop a cooperative model for owning and renting such
103 buildings;

104 (E) Supporting pathways to home ownership through the offering
105 of home buyer education and financial literacy programs in
106 partnership with existing programs. All such partnerships shall be
107 joint efforts between the community development corporation and its
108 partnered community development credit union and each such credit
109 union may develop and offer subsidized or incentivized financial
110 products for individuals who participate in such programs;

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

113 (i) The implementation of or participation in community work-
114 based training programs, in consultation or coordination with other
115 organizations, including, but not limited to, the Workforce Investment
116 Boards. Such programs shall provide preapprenticeship or
117 apprenticeship opportunities by providing instruction or training to
118 increase literacy, mathematics and other technical, prevocational or
119 vocational skills and connecting workforce, economic development
120 and education systems with businesses and other stakeholders in the
121 community impact zone. All such efforts undertaken by a community
122 development corporation shall focus on the residents of the
123 community impact zone in which such corporation is located and on
124 businesses offering or carrying out training programs, in order of
125 priority, (I) within the community impact zone, (II) within the
126 municipality in which the community impact zone is located, or (III)
127 without the municipality; and

128 (ii) The placement of residents of the community impact zone with
129 businesses offering employment or on-the-job training that are, in
130 order of priority, (I) within the community impact zone, (II) within the
131 municipality in which the community impact zone is located, or (III)
132 without the municipality only after the opportunities under subclauses
133 (I) and (II) of this clause have been exhausted;

134 (G) Expanding access to programs at existing community centers or
135 senior centers that serve all residents of the community impact zone,
136 regardless of age, or converting such existing centers to centers that
137 serve all residents of the community impact zone, regardless of age;
138 and

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

143 (2) If the corporation has insufficient funds to execute to a high level
144 of quality all of the strategies set forth in subdivision (1) of this

145 subsection, the corporation shall pursue each strategy in the order of
146 priority listed in said subdivision, with an emphasis on achieving a
147 high level of quality in the execution and implementation of such
148 strategy before undertaking the next strategy listed.

149 (d) A community development corporation may:

150 (1) Acquire real property described in subsection (c) of this section
151 in partnership with or in coordination with its partnered community
152 development credit union;

153 (2) Operate as or establish a subsidiary that operates as a contractor
154 or subcontractor, provided such corporation or subsidiary complies
155 with all applicable licensing and registration requirements under the
156 general statutes; and

157 (3) Partner or contract with contractors or subcontractors to carry
158 out projects and related work for the purposes set forth in subsection
159 (c) of this section, provided the corporation shall give primary priority
160 to a contractor or subcontractor located in the community impact zone
161 in which the corporation is located and secondary priority to a
162 contractor or subcontractor located in the municipality in which the
163 corporation is located.

164 (e) Not later than six months after being designated as a community
165 development corporation, such corporation shall (1) identify a
166 Connecticut credit union located within the municipality in which
167 such corporation is located that will apply to the community
168 development corporation oversight council for designation as a
169 community development credit union pursuant to section 2 of this act,
170 or (2) issue a request for proposal for the organization of a new
171 Connecticut credit union to partner with, or for an existing
172 Connecticut credit union to partner with, such corporation.

173 (f) Notwithstanding the provisions of chapter 846 of the general
174 statutes or section 12-157 of the general statutes, a community
175 development corporation shall be offered the right of first refusal in

176 the sale of any real property that has been foreclosed or is being sold at
177 public auction and is located in the community impact zone in which
178 such corporation is located, provided such corporation has timely
179 notified the mortgagee or the town tax collector, as applicable, of such
180 corporation's interest in acquiring such property.

181 (g) Each community development corporation shall submit a
182 financial report to the community development corporation oversight
183 council, on such frequency as the council shall require but at least
184 annually, and include such information as the council requires.

185 (h) (1) A community development corporation may request that its
186 designation be removed. The community development corporation
187 oversight council may grant such request, provided the council
188 designates, from prior submitted applications or through a new
189 request for application submissions, another entity to replace such
190 corporation.

191 (2) The council may remove the designation of any community
192 development corporation that the council determines is unable to or is
193 deficient in carrying out the purposes of this section, provided the
194 corporation has been afforded an opportunity to address and improve
195 any deficiencies noted by the council.

196 Sec. 2. (NEW) (*Effective from passage*) (a) There are established
197 community development credit unions, which shall partner with
198 community development corporations, established under section 1 of
199 this act, to further the community restoration and revitalization
200 purposes set forth in this section and section 1 of this act.

201 (b) (1) Any Connecticut credit union organized under chapter 667 of
202 the general statutes and in compliance with the provisions of said
203 chapter or any Connecticut credit union service organization, as
204 defined in section 36a-2 of the general statutes, may apply to the
205 community development corporation oversight council established
206 under section 3 of this act to be designated as a community

207 development credit union.

208 (2) To be designated as a community development credit union, a
209 Connecticut credit union or Connecticut credit union service
210 organization shall:

211 (A) Serve low-income and moderate-income individuals and
212 communities that have limited access to affordable financial services
213 and products, with priority given to credit unions that specialize in (i)
214 providing home mortgages or small business loans to members with
215 imperfect, limited or no credit history, (ii) providing financial
216 education and counseling to its members, and (iii) offering products,
217 services and support at a low or reasonable cost to its members; and

218 (B) Agree to partner with or be partnered with at least one
219 community development corporation and focus its activities and
220 efforts to support such corporation's purposes set forth in section 1 of
221 this act.

222 (c) Each community development credit union shall:

223 (1) Submit its governance structure to the community development
224 corporation oversight council for review and approve the addition of
225 representatives of its partnered community development corporation
226 to its governing board, executive committee or supervisory committee
227 or similar board or committee, in such numbers and as agreed to by
228 such credit union and corporation;

229 (2) If applicable and necessary, expand its field of membership in
230 accordance with section 36a-438a of the general statutes, to allow all
231 residents of all community impact zones within the municipality in
232 which its partnered community development corporation is located, to
233 be members of such credit union;

234 (3) Offer or agree to offer free or low-cost basic checking and
235 savings account services to all residents of the community impact zone
236 in which its partnered community development corporation is located;

237 (4) Agree to establish or relocate a location in the community impact
238 zone in which its partnered community development corporation is
239 located after such zones are designated pursuant to section 3 of this
240 act. Such credit union shall not be precluded from establishing or
241 having locations elsewhere in the state or establishing or having
242 multiple locations within the municipality in which the community
243 impact zone is located; and

244 (5) Develop and issue, in consultation with its partnered community
245 development corporation, social impact bonds to support or
246 supplement the efforts of such corporation. Such bonds shall be
247 designed to maximize tax benefits to investors, where the community
248 impact zone in which such corporation is located aligns with federal
249 qualified opportunity zones.

250 (d) A community development credit union may:

251 (1) Develop low-cost or subsidized financial products and services
252 to support the community development goals of its partnered
253 community development corporation and apply to the community
254 development corporation oversight council for funding for such
255 purpose; and

256 (2) Collaborate with its partnered community development
257 corporation to help finance or facilitate investments in real property or
258 community structures and assets pursuant to section 1 of this act.

259 (e) Each community development credit union shall submit a
260 financial report to the community development corporation oversight
261 council, on such frequency as the council shall require but at least
262 annually, and include such information as the council requires.

263 (f) (1) A community development credit union may request that its
264 designation be removed and that it no longer be partnered with its
265 community development corporation. The community development
266 corporation oversight council may grant such request, provided such
267 corporation identifies another Connecticut credit union or Connecticut

268 credit union service organization to replace such credit union or issues
269 a request for proposal for the organization of a new Connecticut credit
270 union or Connecticut credit union service organization with which to
271 partner.

272 (2) The council may remove the designation of any community
273 development credit union that the council determines is unable to or is
274 deficient in carrying out the purposes of this section, provided the
275 credit union has been afforded an opportunity to address and improve
276 any deficiencies noted by the council.

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

282 (b) (1) There is established a community development corporation
283 oversight council, which shall be part of the Legislative Department.
284 The council shall consist of the following members: (A) The Treasurer;
285 (B) the Commissioner of Economic and Community Development; (C)
286 the executive director of the Commission on Equity and Opportunity,
287 established pursuant to section 2-127 of the general statutes; and (D)
288 four members appointed by the Governor. In making the
289 appointments under subparagraph (D) of this subdivision, the
290 Governor shall seek to appoint individuals who have broad
291 community knowledge and experience with communities within the
292 eligible census tracts selected by the Secretary of the Office of Policy
293 and Management pursuant to subsection (f) of this section and are
294 reflective of the ethnic, gender and economic diversity of such
295 communities. All appointments to the council shall be made on or after
296 August 1, 2019, but not later than August 31, 2019.

297 (2) The Treasurer and the Commissioner of Economic and
298 Community Development shall serve as cochairpersons of the council
299 and shall jointly schedule the first meeting of the council, which shall

300 be held not later than September 1, 2019. On and after January 1, 2020,
301 the council shall meet not fewer than six times each year. A majority of
302 the council shall constitute a quorum for the transaction of any
303 business.

304 (3) Any vacancy shall be filled by the appointing authority. Any
305 vacancy occurring other than by expiration of term shall be filled for
306 the balance of the unexpired term.

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

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

313 (c) The council shall:

314 (1) Establish criteria for designation as a community development
315 corporation, community development credit union and community
316 impact zone and designate such corporations, credit unions and zones
317 in accordance with the provisions of this section and sections 1 and 2
318 of this act;

319 (2) Establish an annual budget in accordance with the provisions of
320 this section;

321 (3) Oversee the investments of, deposits in and disbursements from
322 the Community Development Corporation Trust Fund established
323 under section 4 of this act;

324 (4) Approve the programs, services and activities of and efforts
325 undertaken by community development corporations and community
326 development credit unions to further the purposes of this section and
327 sections 1 and 2 of this act;

328 (5) Oversee, support and coordinate the programs, services and
329 activities of and efforts undertaken by community development
330 corporations and community development credit unions under
331 sections 1 and 2 of this act, within and across municipalities and with
332 other relevant state agencies, entities and initiatives;

333 (6) Advise community development corporations, community
334 development credit unions, state agencies and other entities with
335 respect to the core purposes of community development corporations
336 and community development credit unions;

337 (7) Review the disbursement of funds to, and contracts entered into
338 by, community development corporations and community
339 development credit unions, to evaluate the impact and effectiveness of
340 such disbursements and ensure that decisions made by such
341 corporations and credit unions regarding services or grants provided
342 or other financial instruments issued are based solely on the purposes
343 set forth in sections 1 and 2 of this act;

344 (8) Review the reports submitted to the council by community
345 development corporations and community development credit unions;
346 and

347 (9) Do all things necessary to carry out its duties and responsibilities
348 under sections 1 to 4, inclusive, of this act.

349 (d) The council shall designate community development credit
350 unions from among applicants that fulfill the requirements set forth in
351 subsection (b) of section 2 of this act. The council may designate only
352 one community development credit union for each municipality.

353 (e) The council shall designate community development
354 corporations in accordance with the provisions of this subsection.

355 (1) Not later than October 1, 2019, the council shall release its criteria
356 for prospective applicants seeking designation as a community
357 development corporation. In addition to the requirements set forth in

358 section 1 of this act, such criteria shall take into consideration the goals,
359 purposes and requirements set forth in said section and shall include,
360 but not be limited to, (A) whether the applicant has broad community
361 representation in its leadership and governance, with an emphasis on
362 ethnic and economic diversity reflective of the municipality in which
363 the applicant is located, and (B) the professional competence and
364 relevant experience of the applicant's management and staff. Each
365 applicant shall include (i) a letter of support from the chief elected
366 official of the municipality in which the applicant is located, and (ii) a
367 statement that the applicant agrees to locate its office in a community
368 impact zone once such zones are designated. The council shall accept
369 applications on or after October 1, 2019, until and including January
370 31, 2020.

371 (2) Not later than March 1, 2020, the council shall announce its
372 selections for designated community development corporations. The
373 council may designate only one community development corporation
374 for each municipality.

375 (f) The Secretary of the Office of Policy and Management shall select
376 eligible census tracts and the council shall designate community
377 impact zones, in accordance with the provisions of this subsection.

378 (1) The secretary shall select census tracts within distressed
379 municipalities that will be eligible to have a community impact zone or
380 zones designated within such tract. The secretary shall consider, but
381 need not be limited to, the following metrics for each census tract: (A)
382 The educational level attained by the population, specifically the
383 percentage of the population attaining an associate degree or a
384 bachelor's degree; (B) the most recent third grade scores on the state-
385 wide mastery examination under section 10-14n of the general statutes
386 for reading; (C) the most recent third grade scores on the state-wide
387 mastery examination under section 10-14n of the general statutes for
388 mathematics; (D) the unemployment rate; (E) the state of the local
389 economy, employment availability and access and diversity of jobs; (F)
390 the percentage of the population receiving public assistance; (G) the

391 percentage of the population below the federal poverty level; (H) the
392 rate of home ownership; (I) the percentage of vacant housing; and (J)
393 crime rates.

394 (2) Not later than August 1, 2019, the secretary shall release the
395 census tracts that are eligible for consideration, based on a
396 demonstration of the greatest socio-economic need as indicated by
397 subparagraphs (A) to (J), inclusive, of subdivision (1) of this
398 subsection. The secretary shall also release the criteria for determining
399 an area within such tract to be designated as a community impact
400 zone. Such criteria shall take into consideration the goals, purposes
401 and requirements set forth in section 1 of this act and may give weight
402 to one or more of the following: (A) The existence of a public
403 elementary school within the area; (B) the existence of an early
404 childhood center within the area; (C) the existence of a community
405 center serving children or seniors, or both, within the area; (D) the
406 existence of a local community organization comprised of residents
407 and leaders within the area, which organization's role is
408 complementary to the goals, purposes and requirements set forth in
409 section 1 of this act; (E) the proximity of the area to existing or planned
410 public transportation; and (F) existing access to an asset-based housing
411 organization that focuses on home ownership and financial literacy.

412 (3) Not later than June 1, 2020, each community development
413 corporation shall submit a proposal to the council for not more than
414 two geographically distinct areas within an eligible census tract in
415 which the corporation is located to be designated as a community
416 impact zone.

417 (4) Not later than August 1, 2020, the council shall announce its
418 selections for designated community impact zones. The council may
419 designate one community impact zone for a municipality with a
420 population of one hundred thousand or less and two community
421 impact zones for a municipality with a population of greater than one
422 hundred thousand. If the council rejects a proposal or does not
423 designate an area that a community development corporation

424 proposed, the council may allow such corporation to resubmit a
425 proposal if a community impact zone has not been otherwise
426 designated.

427 (5) Not later than February 1, 2021, or as soon as practicable
428 following the designations of community impact zones, each
429 community development corporation shall establish an office or
430 relocate its office within such zone.

431 (g) The council shall establish an annual budget that sets forth the
432 amounts in the Community Development Corporation Trust Fund to
433 be invested, the amounts in the fund to be disbursed for programs,
434 services, activities and expenses for the purposes of sections 1 and 2 of
435 this act and the amount to be set aside for the purposes of subsections
436 (h) and (i) of this section. The council, in consultation with the
437 Treasurer and the chief executive officer of the Connecticut Green
438 Bank established under section 16-245n of the general statutes, shall
439 adopt an investment plan with the goals of yielding investment returns
440 over the long-term to support the programs, services, activities and
441 efforts for the purposes of sections 1 and 2 of this act and supporting a
442 substantial portion of the fund's annual expenditures from the
443 investment returns. The initial investment plan shall set forth an
444 investment strategy for not less than twenty years and the council may
445 revise such plan from time to time by affirmative vote. The council
446 shall annually review such plan and the investment returns generated
447 and shall adjust the amount of moneys to be invested and disbursed
448 each year accordingly.

449 (h) (1) The council shall set aside an amount in its annual budget
450 equal to the amount appropriated in the state budget act for the
451 intensive reading instruction program established under section 10-
452 14u of the general statutes, provided such amount set aside shall not
453 exceed three million dollars each year. The amount to be set aside
454 under this subsection may be reduced if there are insufficient moneys
455 in the fund to provide for the purposes set forth in sections 1 and 2 of
456 this act and for the entire amount of the set-aside specified under this

457 subdivision.

458 (2) The council shall make such moneys available for the
459 implementation or support of said reading instruction program or any
460 state-wide early literacy initiative developed and implemented by the
461 Department of Education, regardless of whether such program or
462 initiative is related to a community impact zone or is eligible for other
463 community development corporation or community development
464 credit union programs or other grants or funding. The moneys made
465 available pursuant to this subdivision shall supplement existing or
466 other available grants or funding. The council shall establish forms and
467 criteria to apply for such moneys and shall give primary priority to
468 applications from schools located in a community impact zone,
469 provided all such schools submit an application. Any moneys awarded
470 to such schools shall be distributed on a zone-wide basis to be used
471 solely for the purpose of making said reading instruction program
472 available to all students reading below proficiency level who reside or
473 attend school within the community impact zone. The council shall
474 give secondary priority to applications from schools located in a
475 distressed municipality on the basis of the level of student reading
476 achievement, as determined by the Commissioner of Education.

477 (i) The council shall set aside an amount in its annual budget, to be
478 determined by the council, to provide financial assistance to health
479 care providers and facilities that provide mental health or substance
480 use disorder treatment services in any municipality. The council shall
481 establish eligibility requirements for such financial assistance and
482 publicize the availability of such financial assistance to the relevant
483 community.

484 (j) The council shall develop a proposal to allow social impact bonds
485 to be issued by the state to support public schools located in
486 community impact zones. Not later than February 1, 2020, the
487 Secretary of the Office of Policy and Management shall submit a
488 report, in accordance with the provisions of section 11-4a of the general
489 statutes, to the General Assembly, setting forth the proposal and

490 including recommendations on ways to leverage the federal qualified
491 opportunity zones program to support such public schools.

492 (k) (1) The council may cause to have conducted an external,
493 independent audit of any community development corporation or
494 community development credit union.

495 (2) The council may request the Auditors of Public Accounts to
496 perform, and said auditors shall perform, audits and other related
497 evaluations to facilitate the council's responsibilities established under
498 sections 1 to 4, inclusive, of this act.

499 (l) Not later than February 1, 2022, and annually thereafter, the
500 council shall submit a report to the Governor and to the General
501 Assembly, in accordance with the provisions of section 11-4a of the
502 general statutes. Such report shall include, but not be limited to, a list
503 of the community development corporations, community
504 development credit unions and community impact zones designated
505 to date, a summary of the programs, services, activities and efforts
506 undertaken by such corporations and credit unions pursuant to
507 sections 1 and 2 of this act and the disbursements made from the
508 Community Development Corporation Trust Fund to support such
509 programs, services, activities and efforts.

510 Sec. 4. (NEW) (*Effective from passage*) (a) There is established a fund
511 to be known as the "Community Development Corporation Trust
512 Fund". The fund shall contain any moneys required by law to be
513 deposited in the fund and shall be held in trust separate and apart
514 from all other moneys, funds and accounts. Investment earnings
515 credited to the assets of the fund shall become part of the assets of said
516 fund. Any balance remaining in the fund at the end of any fiscal year
517 shall be carried forward in the fund for the fiscal year next succeeding.
518 Moneys in the fund shall be expended by the community development
519 corporation oversight council established pursuant to section 3 of this
520 act to be used for the purposes set forth in sections 1 and 2 of this act.

521 (b) The Treasurer shall invest the amounts on deposit in the fund in
522 a manner reasonable and appropriate to achieve the objectives of the
523 fund, exercising the discretion and care of a prudent person in similar
524 circumstances with similar objectives. The Treasurer shall give due
525 consideration to rate of return, risk, term or maturity, diversification of
526 the total portfolio within the fund, liquidity, the projected
527 disbursements and expenditures, and the expected payments,
528 deposits, contributions and gifts to be received. The Treasurer shall not
529 require the fund to invest directly in obligations of the state or any
530 political subdivision of the state or in any investment or other fund
531 administered by the Treasurer. The assets of the fund shall be
532 continuously invested and reinvested in a manner consistent with the
533 objectives of the fund until disbursed for the purposes set forth in
534 sections 1 and 2 of this act.

535 (c) On or before December thirty-first, annually, the Treasurer shall
536 submit a financial report, in accordance with the provisions of section
537 11-4a of the general statutes, to the community development
538 corporation oversight council and the joint standing committee of the
539 General Assembly having cognizance of matters relating to finance,
540 revenue and bonding, setting forth the receipts, disbursements, assets,
541 investments, liabilities and administrative costs of the fund for the
542 prior fiscal year.

543 Sec. 5. (NEW) (*Effective from passage*) Any entity that is exempt from
544 paying property tax pursuant to Section 501(c) of the Internal Revenue
545 Code of 1986, or any subsequent corresponding internal revenue code
546 of the United States, as amended from time to time, any municipality
547 and the state may make a deposit with a community development
548 credit union, to be invested by such credit union to further the
549 community restoration and revitalization purposes set forth in sections
550 1 to 4, inclusive, of this act. Each community development credit union
551 that receives a deposit pursuant to this section shall provide a rate of
552 return on such deposit that is, at a minimum, not less than the London
553 Interbank Offered Rate.

554 Sec. 6. (NEW) (*Effective from passage*) (a) As used in this section:

555 (1) (A) "Cannabis" means (i) all parts of any plant or species of the
556 genus cannabis or any infra specific taxon thereof, whether growing or
557 not, (ii) the seeds thereof, (iii) the resin extracted from any part of the
558 plant, and (iv) every compound, manufacture, salt, derivative, mixture
559 or preparation of such plant, its seeds or resin. "Cannabis" includes
560 cannabimon, cannabimol and cannabidiol.

561 (B) "Cannabis" does not include (i) the mature stalks of such plant,
562 (ii) fiber produced from such stalks, (iii) oil or cake made from the
563 seeds of such plant, (iv) any other compound, manufacture, salt,
564 derivative, mixture or preparation of such mature stalks except the
565 resin extracted therefrom, (v) fiber, oil or cake, (vi) the sterilized seed
566 of such plant, which is incapable of germination, (vii) industrial hemp,
567 as defined in 7 USC 5940, as amended from time to time, or (viii)
568 marijuana cultivated or sold for palliative use pursuant to chapter 420f
569 of the general statutes;

570 (2) "Cannabis product" means a cannabis concentrate or a product
571 that contains cannabis, which may be combined with other
572 ingredients, and is intended for use or consumption. Cannabis
573 concentrate includes tinctures and extracts;

574 (3) "Cannabis cultivation facility" means a facility licensed by the
575 Cannabis Commission to cultivate, prepare and package cannabis and
576 sell cannabis to cannabis product manufacturing facilities, cannabis
577 retailers and other cannabis cultivation facilities;

578 (4) "Cannabis product manufacturing facility" means a facility
579 licensed by the Cannabis Commission to purchase cannabis from
580 cannabis cultivation facilities, manufacture, prepare and package
581 cannabis products and sell cannabis and cannabis products to cannabis
582 retailers and other cannabis product manufacturing facilities;

583 (5) "Cannabis retailer" means a person licensed by the Cannabis
584 Commission to purchase cannabis from cannabis cultivation facilities

585 as well as to purchase cannabis and cannabis products from cannabis
586 product manufacturing facilities and to sell cannabis and cannabis
587 products to consumers;

588 (6) "Consumer" means an individual who is twenty-one years of age
589 or older; and

590 (7) "Cannabis Commission" means the commission established
591 under section 2 of house bill 7371 of the current session.

592 (b) (1) On and after the date the Cannabis Commission first issues a
593 license to a cannabis cultivation facility, there is imposed a tax on each
594 such facility on the first sale of cannabis within the state at the rate of
595 thirty-five dollars per ounce of cannabis flowers and thirteen dollars
596 and fifty cents per ounce of cannabis trim.

597 (2) Each cannabis cultivation facility making such sales shall file
598 with the Commissioner of Revenue Services, on or before the last day
599 of each calendar quarter, a return for the calendar quarter immediately
600 preceding. Such returns shall be in such form and contain such
601 information as the commissioner prescribes, and shall be accompanied
602 by a payment of the amount of the tax shown to be due thereon.

603 (3) The commissioner shall deposit the amounts received by the
604 state from the tax imposed under subdivision (1) of this subsection into
605 the Community Development Corporation Trust Fund established
606 under section 4 of this act.

607 (c) If any person fails to pay the amount of tax reported due on its
608 report within the time specified under this section, there shall be
609 imposed a penalty equal to ten per cent of such amount due and
610 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
611 interest at the rate of one per cent per month or fraction thereof, from
612 the due date of such tax until the date of payment. Subject to the
613 provisions of section 12-3a of the general statutes, the commissioner
614 may waive all or part of the penalties provided under this section
615 when it is proven to the commissioner's satisfaction that the failure to

616 pay any tax was due to reasonable cause and was not intentional or
617 due to neglect.

618 (d) Each person, other than a cannabis cultivation facility, who is
619 required, on behalf of such facility, to collect, truthfully account for
620 and pay over a tax imposed on such facility under this section and
621 who wilfully fails to collect, truthfully account for and pay over such
622 tax or who wilfully attempts in any manner to evade or defeat the tax
623 or the payment thereof, shall, in addition to other penalties provided
624 by law, be liable for a penalty equal to the total amount of the tax
625 evaded, or not collected, or not accounted for and paid over, including
626 any penalty or interest attributable to such wilful failure to collect or
627 truthfully account for and pay over such tax or such wilful attempt to
628 evade or defeat such tax, provided such penalty shall only be imposed
629 against such person in the event that such tax, penalty or interest
630 cannot otherwise be collected from such facility. The amount of such
631 penalty with respect to which a person may be personally liable under
632 this section shall be collected in accordance with the provisions of
633 section 12-555a of the general statutes and any amount so collected
634 shall be allowed as a credit against the amount of such tax, penalty or
635 interest due and owing from the facility. The dissolution of the facility
636 shall not discharge any person in relation to any personal liability
637 under this section for wilful failure to collect or truthfully account for
638 and pay over such tax or for a wilful attempt to evade or defeat such
639 tax prior to dissolution, except as otherwise provided in this section.
640 For purposes of this section, "person" includes any individual,
641 corporation, limited liability company or partnership and any officer
642 or employee of any corporation, including a dissolved corporation,
643 and a member or employee of any partnership or limited liability
644 company who, as such officer, employee or member, is under a duty to
645 file a tax return under this section on behalf of a cannabis cultivation
646 facility or to collect or truthfully account for and pay over a tax
647 imposed under this section on behalf of such facility.

648 (e) No tax credit or credits shall be allowable against the tax

649 imposed under this section.

650 (f) The provisions of sections 12-551 to 12-554, inclusive, and section
651 12-555a of the general statutes shall apply to the provisions of this
652 section in the same manner and with the same force and effect as if the
653 language of said sections had been incorporated in full into this section
654 and had expressly referred to the tax under this section, except to the
655 extent that any provision is inconsistent with a provision in this
656 section.

657 (g) The commissioner may adopt regulations, in accordance with
658 the provisions of chapter 54 of the general statutes, to implement the
659 provisions of this section.

660 (h) At the close of each fiscal year in which the tax imposed under
661 the provisions of this section are received by the commissioner, the
662 Comptroller is authorized to record as revenue for such fiscal year the
663 amounts of such tax that are received by the commissioner not later
664 than five business days from the last day of July immediately
665 following the end of such fiscal year.

666 Sec. 7. (NEW) (*Effective from passage*) (a) As used in this section, (1)
667 "cannabis", "cannabis product", "cannabis retailer" and "Cannabis
668 Commission" have the same meanings as provided in section 6 of this
669 act, and (2) "municipality" means any town, city or borough,
670 consolidated town and city or consolidated town and borough.

671 (b) (1) On and after the date the Cannabis Commission first issues a
672 license to a cannabis retailer, there is imposed a local sales tax at the
673 rate of three per cent on the sale of all cannabis and cannabis products.
674 Such tax shall be in addition to the tax applicable to such sales under
675 section 12-408 of the general statutes, as amended by this act, and shall
676 be administered in the same manner as the tax under said section.

677 (2) Each cannabis retailer making such sales shall file with the
678 commissioner, on or before the last day of each calendar quarter, a
679 return for the calendar quarter immediately preceding. Such returns

680 shall be in such form and contain such information as the
681 commissioner prescribes and shall indicate the municipality in which
682 such sales occurred, and shall be accompanied by a payment of the
683 total amount of tax shown to be due thereon.

684 (c) The commissioner shall deposit any local sales tax collected
685 pursuant to subsection (b) of this section into the municipal cannabis
686 revenue account established under subsection (d) of this section.

687 (d) There is established an account to be known as the "municipal
688 cannabis revenue account" which shall be a separate account within
689 the General Fund. The account shall contain any moneys required by
690 law to be deposited in the account. Moneys in the account shall be
691 expended by the Commissioner of Revenue Services for the purpose of
692 providing moneys in accordance with this section to municipalities in
693 which cannabis retailers are selling cannabis and cannabis products to
694 consumers.

695 (e) (1) The commissioner shall maintain (A) an accounting of all
696 sums deposited in the account, aggregated by municipality, (B) a
697 listing of sums remitted by each cannabis retailer, and (C) such other
698 information as the commissioner deems necessary for the purposes of
699 this section.

700 (2) Commencing in the second calendar quarter following the initial
701 deposit into the account, the commissioner shall distribute on a
702 quarterly basis a sum, calculated on a point-of-sale basis, to each
703 municipality in which a cannabis retailer is located and for which a
704 point-of-sale can be determined. Any moneys remaining in the account
705 at the close of the fiscal year for which no point-of-sale can be
706 determined shall be transferred to the Community Development
707 Corporation Trust Fund established under section 4 of this act.

708 (3) The commissioner shall make available to each municipality in
709 which a cannabis retailer is located any information concerning such
710 municipality that is maintained under subdivision (1) of this

711 subsection.

712 (f) If any person fails to pay the amount of tax reported due on its
713 report within the time specified under this section, there shall be
714 imposed a penalty equal to ten per cent of such amount due and
715 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
716 interest at the rate of one per cent per month or fraction thereof, from
717 the due date of such tax until the date of payment. Subject to the
718 provisions of section 12-3a of the general statutes, the commissioner
719 may waive all or part of the penalties provided under this section
720 when it is proven to the commissioner's satisfaction that the failure to
721 pay any tax was due to reasonable cause and was not intentional or
722 due to neglect.

723 (g) Each person, other than a cannabis retailer, who is required, on
724 behalf of such retailer, to collect, truthfully account for and pay over a
725 tax imposed on such retailer under this section and who wilfully fails
726 to collect, truthfully account for and pay over such tax or who wilfully
727 attempts in any manner to evade or defeat the tax or the payment
728 thereof, shall, in addition to other penalties provided by law, be liable
729 for a penalty equal to the total amount of the tax evaded, or not
730 collected, or not accounted for and paid over, including any penalty or
731 interest attributable to such wilful failure to collect or truthfully
732 account for and pay over such tax or such wilful attempt to evade or
733 defeat such tax, provided such penalty shall only be imposed against
734 such person in the event that such tax, penalty or interest cannot
735 otherwise be collected from such retailer. The amount of such penalty
736 with respect to which a person may be personally liable under this
737 section shall be collected in accordance with the provisions of section
738 12-555a of the general statutes and any amount so collected shall be
739 allowed as a credit against the amount of such tax, penalty or interest
740 due and owing from the retailer. The dissolution of the retailer shall
741 not discharge any person in relation to any personal liability under this
742 section for wilful failure to collect or truthfully account for and pay
743 over such tax or for a wilful attempt to evade or defeat such tax prior

744 to dissolution, except as otherwise provided in this section. For
745 purposes of this section, "person" includes any individual, corporation,
746 limited liability company or partnership and any officer or employee
747 of any corporation, including a dissolved corporation, and a member
748 or employee of any partnership or limited liability company who, as
749 such officer, employee or member, is under a duty to file a tax return
750 under this section on behalf of a cannabis retailer or to collect or
751 truthfully account for and pay over a tax imposed under this section
752 on behalf of such retailer.

753 (h) No tax credit or credits shall be allowable against the tax
754 imposed under this section.

755 (i) The provisions of sections 12-551 to 12-554, inclusive, and section
756 12-555a of the general statutes shall apply to the provisions of this
757 section in the same manner and with the same force and effect as if the
758 language of said sections had been incorporated in full into this section
759 and had expressly referred to the tax under this section, except to the
760 extent that any provision is inconsistent with a provision in this
761 section.

762 (j) The commissioner may adopt regulations, in accordance with the
763 provisions of chapter 54 of the general statutes, to implement the
764 provisions of this section.

765 (k) At the close of each fiscal year in which the tax imposed under
766 the provisions of this section are received by the commissioner, the
767 Comptroller is authorized to record as revenue for such fiscal year the
768 amounts of such tax that are received by the commissioner not later
769 than five business days from the last day of July immediately
770 following the end of such fiscal year.

771 Sec. 8. Subdivision (1) of section 12-408 of the general statutes is
772 repealed and the following is substituted in lieu thereof (*Effective from*
773 *passage*):

774 (1) (A) For the privilege of making any sales, as defined in

775 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
776 for a consideration, a tax is hereby imposed on all retailers at the rate
777 of six and thirty-five-hundredths per cent of the gross receipts of any
778 retailer from the sale of all tangible personal property sold at retail or
779 from the rendering of any services constituting a sale in accordance
780 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
781 of said rate, [of six and thirty-five-hundredths per cent,] the rates
782 provided in subparagraphs (B) to (H), inclusive, of this subdivision;

783 (B) (i) At a rate of fifteen per cent with respect to each transfer of
784 occupancy, from the total amount of rent received by a hotel or
785 lodging house for the first period not exceeding thirty consecutive
786 calendar days;

787 (ii) At a rate of eleven per cent with respect to each transfer of
788 occupancy, from the total amount of rent received by a bed and
789 breakfast establishment for the first period not exceeding thirty
790 consecutive calendar days;

791 (C) With respect to the sale of a motor vehicle to any individual who
792 is a member of the armed forces of the United States and is on full-time
793 active duty in Connecticut and who is considered, under 50 App USC
794 574, a resident of another state, or to any such individual and the
795 spouse thereof, at a rate of four and one-half per cent of the gross
796 receipts of any retailer from such sales, provided such retailer requires
797 and maintains a declaration by such individual, prescribed as to form
798 by the commissioner and bearing notice to the effect that false
799 statements made in such declaration are punishable, or other evidence,
800 satisfactory to the commissioner, concerning the purchaser's state of
801 residence under 50 App USC 574;

802 (D) (i) With respect to the sales of computer and data processing
803 services occurring on or after July 1, 2001, at the rate of one per cent,
804 and (ii) with respect to sales of Internet access services, on and after
805 July 1, 2001, such services shall be exempt from such tax;

806 (E) (i) With respect to the sales of labor that is otherwise taxable
807 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
808 section 12-407 on existing vessels and repair or maintenance services
809 on vessels occurring on and after July 1, 1999, such services shall be
810 exempt from such tax;

811 (ii) With respect to the sale of a vessel, a motor for a vessel or a
812 trailer used for transporting a vessel, at the rate of two and ninety-
813 nine-hundredths per cent, except that the sale of a vessel shall be
814 exempt from such tax if such vessel is docked in this state for sixty or
815 fewer days in a calendar year;

816 (F) With respect to patient care services for which payment is
817 received by the hospital on or after July 1, 1999, and prior to July 1,
818 2001, at the rate of five and three-fourths per cent and on and after July
819 1, 2001, such services shall be exempt from such tax;

820 (G) With respect to the rental or leasing of a passenger motor
821 vehicle for a period of thirty consecutive calendar days or less, at a rate
822 of nine and thirty-five-hundredths per cent;

823 (H) With respect to the sale of (i) a motor vehicle for a sales price
824 exceeding fifty thousand dollars, at a rate of seven and three-fourths
825 per cent on the entire sales price, (ii) jewelry, whether real or imitation,
826 for a sales price exceeding five thousand dollars, at a rate of seven and
827 three-fourths per cent on the entire sales price, and (iii) an article of
828 clothing or footwear intended to be worn on or about the human body,
829 a handbag, luggage, umbrella, wallet or watch for a sales price
830 exceeding one thousand dollars, at a rate of seven and three-fourths
831 per cent on the entire sales price. For purposes of this subparagraph,
832 "motor vehicle" has the meaning provided in section 14-1, but does not
833 include a motor vehicle subject to the provisions of subparagraph (C)
834 of this subdivision, a motor vehicle having a gross vehicle weight
835 rating over twelve thousand five hundred pounds, or a motor vehicle
836 having a gross vehicle weight rating of twelve thousand five hundred
837 pounds or less that is not used for private passenger purposes, but is

838 designed or used to transport merchandise, freight or persons in
839 connection with any business enterprise and issued a commercial
840 registration or more specific type of registration by the Department of
841 Motor Vehicles;

842 (I) The rate of tax imposed by this chapter shall be applicable to all
843 retail sales upon the effective date of such rate, except that a new rate
844 which represents an increase in the rate applicable to the sale shall not
845 apply to any sales transaction wherein a binding sales contract without
846 an escalator clause has been entered into prior to the effective date of
847 the new rate and delivery is made within ninety days after the effective
848 date of the new rate. For the purposes of payment of the tax imposed
849 under this section, any retailer of services taxable under subdivision
850 (37) of subsection (a) of section 12-407, who computes taxable income,
851 for purposes of taxation under the Internal Revenue Code of 1986, or
852 any subsequent corresponding internal revenue code of the United
853 States, as from time to time amended, on an accounting basis which
854 recognizes only cash or other valuable consideration actually received
855 as income and who is liable for such tax only due to the rendering of
856 such services may make payments related to such tax for the period
857 during which such income is received, without penalty or interest,
858 without regard to when such service is rendered;

859 (J) (i) For calendar quarters ending on or after September 30, 2019,
860 the commissioner shall deposit into the regional planning incentive
861 account, established pursuant to section 4-66k, six and seven-tenths
862 per cent of the amounts received by the state from the tax imposed
863 under subparagraph (B) of this subdivision and ten and seven-tenths
864 per cent of the amounts received by the state from the tax imposed
865 under subparagraph (G) of this subdivision;

866 (ii) For calendar quarters ending on or after September 30, 2018, the
867 commissioner shall deposit into the Tourism Fund established under
868 section 10-395b ten per cent of the amounts received by the state from
869 the tax imposed under subparagraph (B) of this subdivision;

870 (K) For calendar months commencing on or after July 1, 2021, the
871 commissioner shall deposit into the municipal revenue sharing
872 account established pursuant to section 4-66l seven and nine-tenths per
873 cent of the amounts received by the state from the tax imposed under
874 subparagraph (A) of this subdivision; [and]

875 (L) (i) For calendar months commencing on or after July 1, 2017, the
876 commissioner shall deposit into the Special Transportation Fund
877 established under section 13b-68 seven and nine-tenths per cent of the
878 amounts received by the state from the tax imposed under
879 subparagraph (A) of this subdivision;

880 (ii) For calendar months commencing on or after July 1, 2018, but
881 prior to July 1, 2019, the commissioner shall deposit into the Special
882 Transportation Fund established under section 13b-68 eight per cent of
883 the amounts received by the state from the tax imposed under
884 subparagraphs (A) and (H) of this subdivision on the sale of a motor
885 vehicle;

886 (iii) For calendar months commencing on or after July 1, 2019, but
887 prior to July 1, 2020, the commissioner shall deposit into the Special
888 Transportation Fund established under section 13b-68 thirty-three per
889 cent of the amounts received by the state from the tax imposed under
890 subparagraphs (A) and (H) of this subdivision on the sale of a motor
891 vehicle;

892 (iv) For calendar months commencing on or after July 1, 2020, but
893 prior to July 1, 2021, the commissioner shall deposit into the Special
894 Transportation Fund established under section 13b-68 fifty-six per cent
895 of the amounts received by the state from the tax imposed under
896 subparagraphs (A) and (H) of this subdivision on the sale of a motor
897 vehicle;

898 (v) For calendar months commencing on or after July 1, 2021, but
899 prior to July 1, 2022, the commissioner shall deposit into the Special
900 Transportation Fund established under section 13b-68 seventy-five per

901 cent of the amounts received by the state from the tax imposed under
902 subparagraphs (A) and (H) of this subdivision on the sale of a motor
903 vehicle; and

904 (vi) For calendar months commencing on or after July 1, 2022, the
905 commissioner shall deposit into the Special Transportation Fund
906 established under section 13b-68 one hundred per cent of the amounts
907 received by the state from the tax imposed under subparagraphs (A)
908 and (H) of this subdivision on the sale of a motor vehicle; [.] and

909 (M) For calendar quarters ending on or after the initial deposit of the
910 tax on the sale of cannabis and cannabis products, as both terms are
911 defined in section 6 of this act, the commissioner shall deposit into the
912 Community Development Corporation Trust Fund established under
913 section 4 of this act one hundred per cent of the amounts received and
914 retained by the state from sales subject to the tax under subsection (b)
915 of section 7 of this act.

916 Sec. 9. Section 36a-455a of the general statutes is repealed and the
917 following is substituted in lieu thereof (*Effective from passage*):

918 A Connecticut credit union may:

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

926 (2) (A) Issue shares to its members and receive payments on shares
927 from its members and from those nonmembers specified in subsection
928 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to
929 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, (B)
930 receive deposits of members and nonmembers subject to provisions of
931 sections 36a-456a and 36a-456b, (C) reduce the amount of its member

932 and nonmember shares and deposits, (D) expel members and cancel
933 shares in accordance with section 36a-439a, and (E) provide check
934 cashing and wire and electronic transfer services to nonmembers who
935 are within such credit union's field of membership;

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

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

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

942 (6) Act as a finder or agent for the sale of insurance and fixed and
943 variable rate annuities directly, sell insurance and such annuities
944 indirectly through a Connecticut credit union service organization, or
945 enter into arrangements with third-party marketing organizations for
946 the sale by such third-party marketing organizations of insurance or
947 such annuities on the premises of the Connecticut credit union or to
948 members of the Connecticut credit union, provided: (A) Such
949 insurance and annuities are issued or purchased by or from an
950 insurance company licensed in accordance with section 38a-41; and (B)
951 the Connecticut credit union, Connecticut credit union service
952 organization or third-party marketing organization, and any officer
953 and employee thereof, shall be licensed as required by section 38a-769
954 before engaging in any of the activities authorized by this subdivision.
955 As used in this subdivision, "annuities" and "insurance" have the same
956 meanings as set forth in section 38a-41, except that "insurance" does
957 not include title insurance. The provisions of this subdivision do not
958 authorize a Connecticut credit union or Connecticut credit union
959 service organization to underwrite insurance or annuities;

960 (7) Borrow money to an amount not exceeding fifty per cent of the
961 total assets of the Connecticut credit union provided the credit union
962 shall give prior notice to the commissioner in writing of its intention to

963 borrow amounts in excess of thirty-five per cent of its total assets;

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

966 (9) Provide loan processing, loan servicing, member check and
967 money order cashing services, disbursement of share withdrawals and
968 loan proceeds, money orders, internal audits, automated teller
969 machine services, ACH and wire transfer services, prepaid debit cards,
970 payroll cards, digital wallet services, coin and currency services,
971 remote deposit capture services, electronic banking and other similar
972 services to other Connecticut credit unions, federal credit unions,
973 federally insured financial institutions and out-of-state credit unions;

974 (10) Provide finder services to its members, including the offering of
975 third party products and services through the sale of advertising space
976 on its web site, account statements and receipts, and the sale of
977 statistical or consumer financial information to outside vendors in
978 accordance with sections 36a-40 to 36a-45, inclusive, in order to
979 facilitate the sale of such products to the members of such Connecticut
980 credit union;

981 (11) With the prior approval of the commissioner, exercise fiduciary
982 powers;

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

986 (13) Provide certification services, including notary services,
987 signature guaranties, certification of electronic signatures and share
988 draft certifications;

989 (14) Act as agent (A) in the collection of taxes for any qualified
990 treasurer of any taxing district or qualified collector of taxes, or (B) for
991 any electric distribution, gas, water or telephone company operating
992 within this state in receiving moneys due such company for utility

993 services furnished by it;

994 (15) Issue and sell securities which (A) are guaranteed by the
995 Federal National Mortgage Association or any other agency or
996 instrumentality authorized by state or federal law to create a
997 secondary market with respect to extensions of credit of the type
998 originated by the Connecticut credit union, or (B) subject to the
999 approval of the commissioner, relate to extensions of credit originated
1000 by the Connecticut credit union and are guaranteed or insured by a
1001 financial guaranty insurance company or comparable private entity;

1002 (16) Establish a charitable fund, either in the form of a charitable
1003 trust or a nonprofit corporation to assist in making charitable
1004 contributions, provided (A) the trust or nonprofit corporation is
1005 exempt from federal income taxation and may accept charitable
1006 contributions under Section 501 of the Internal Revenue Code of 1986,
1007 or any subsequent corresponding internal revenue code of the United
1008 States, as from time to time amended, (B) the trust or nonprofit
1009 corporation's operations are disclosed fully to the commissioner upon
1010 request, and (C) the trust department of the credit union or one or
1011 more directors or members of senior management of the credit union
1012 act as trustees or directors of the fund;

1013 (17) In the discretion of a majority of its governing board, make
1014 contributions or gifts to or for the use of any corporation, trust or
1015 community chest, fund or foundation created or organized under the
1016 laws of the United States or of this state and organized and operated
1017 exclusively for charitable, educational or public welfare purposes, or of
1018 any hospital which is located in this state and which is exempt from
1019 federal income taxes and to which contributions are deductible under
1020 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1021 corresponding internal revenue code of the United States, as from time
1022 to time amended;

1023 (18) Subject to the provisions of section 36a-455b, sell, pledge or
1024 assign any or all of its outstanding extensions of credit to any other

1025 lending institution, credit union service organization or quasi-
1026 governmental entity and any government-sponsored enterprise, and
1027 act as collecting, remitting and servicing agent in connection with any
1028 such extension of credit and charge for its acts as agent. Any such
1029 credit union may purchase the minimum amount of capital stock of
1030 such entity or enterprise if required by that entity or enterprise to be
1031 purchased in connection with the sale, pledge or assignment of
1032 extensions of credit to that entity or enterprise and may hold and
1033 dispose of such stock, provided that with respect to purchases of stock
1034 of a credit union service organization, the Connecticut credit union
1035 shall not exceed the limitations of section 36a-459a. A Connecticut
1036 credit union may purchase one or more outstanding extensions of
1037 credit from any other lending institution and any federally-recognized
1038 Native American tribe, provided there exists a formal written
1039 agreement with tribal government to permit the credit union to service
1040 and collect on such extensions of credit;

1041 (19) Subject to the provisions of section 36a-455b, sell a participating
1042 interest in any or all of its outstanding extensions of credit to and
1043 purchase a participating interest in any or all of the outstanding
1044 extensions of credit of any financial institution or credit union service
1045 organization pursuant to an appropriate written participation and
1046 servicing agreement to be signed by all parties involved in such
1047 transaction;

1048 (20) With the approval of the commissioner, join the Federal Home
1049 Loan Bank System and borrow funds as provided under federal law;

1050 (21) Subject to the provisions of section 36a-455b, sell all or part of
1051 its assets, other than extensions of credit, to other lending institutions,
1052 purchase all or part of the assets, other than extensions of credit, of
1053 other lending institutions, and assume all or part of the shares and the
1054 liabilities of any other credit union or out-of-state credit union;

1055 (22) With the prior written approval of the commissioner, engage in
1056 closely related activities, unless the commissioner determines that any

1057 such activity shall be conducted by a credit union service organization
1058 of the Connecticut credit union, utilizing such organizational,
1059 structural or other safeguards as the commissioner may require, in
1060 order to protect the Connecticut credit union from exposure to loss. As
1061 used in this subdivision, "closely related activities" means those
1062 activities that are closely related, convenient and necessary to the
1063 business of a Connecticut credit union, are reasonably related to the
1064 operation of a Connecticut credit union or are financial in nature
1065 including, but not limited to, business and professional services, data
1066 processing, courier and messenger services, credit-related activities,
1067 consumer services, services related to real estate, financial consulting,
1068 tax planning and preparation, community development activities, or
1069 any activities reasonably related to such activities;

1070 (23) Engage in any activity that a federal credit union or out-of-state
1071 credit union may be authorized to engage in under state or federal law,
1072 provided the Connecticut credit union file with the commissioner prior
1073 written notice of its intention to engage in such activity. Such notice
1074 shall include a description of the activity, a description of the financial
1075 impact of the activity on the Connecticut credit union, citation of the
1076 legal authority to engage in the activity under state or federal law, a
1077 description of any limitations or restrictions imposed on such activity
1078 under state or federal law, and any other information that the
1079 commissioner may require. The Connecticut credit union may engage
1080 in any such activity unless the commissioner disapproves such activity
1081 not later than thirty days after the notice is filed. The commissioner
1082 may adopt regulations in accordance with chapter 54 to ensure that
1083 any such activity is conducted in a safe and sound manner with
1084 adequate consumer protections. The provisions of this subdivision do
1085 not authorize a Connecticut credit union or a Connecticut credit union
1086 service organization to sell title insurance; [.]

1087 (24) (A) Partner with a community development corporation, as
1088 described in section 1 of this act, and be designated as a community
1089 development credit union in accordance with the provisions of section

1090 2 of this act, (B) if so designated, engage in any activity authorized for
 1091 a community development credit union under sections 1 and 2 of this
 1092 act, and (C) issue social impact bonds in accordance with subdivision
 1093 (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>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	12-408(1)
Sec. 9	<i>from passage</i>	36a-455a

Statement of Legislative Commissioners:

In Section 1, in Subsec. (a), a reference to section 12-408 of the general statutes was changed to a reference to the tax collected pursuant to Section 7(b) for accuracy, and in Subsec. (c)(1), Subparas. (C) and (D) were rewritten for accuracy; in Section 3(b)(1), ", but not later than August 31, 2019" was added for clarity; in Section 7(b)(1), ", and shall be administered in the same manner as the tax under said section" was added for clarity; and in Section 8(1)(M), the sentence was rewritten for accuracy.

FIN *Joint Favorable Subst.*