



General Assembly

Substitute Bill No. 6788

January Session, 2001

AN ACT CONCERNING BUSINESS TAX CREDITS FOR COMMUNITY ECONOMIC DEVELOPMENT.

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

1 Section 1. (NEW) (a) As used in this section, "business firm" means
2 any business entity authorized to do business in this state and subject
3 to the corporation business tax imposed under chapter 208 of the
4 general statutes, or any company subject to a tax imposed under
5 chapter 207 of the general statutes, any air carrier subject to the air
6 carriers tax imposed under chapter 209 of the general statutes, or any
7 railroad company subject to the railroad companies tax imposed under
8 chapter 210 of the general statutes, or any regulated
9 telecommunications service, express, telegraph, cable or community
10 antenna television company subject to the regulated
11 telecommunications service, express, telegraph, cable and community
12 antenna television companies tax imposed under chapter 211 of the
13 general statutes, or any utility company subject to the utility
14 companies tax imposed under chapter 212 of the general statutes.

15 (b) There shall be allowed as a credit against the tax imposed by
16 chapter 207, 208, 209, 210, 211 or 212 of the general statutes in any
17 income year an amount equal to sixty per cent of the amount donated
18 during such income year by a business firm to a nonprofit organization
19 which has established a revolving loan fund to provide loans for
20 development of small businesses in targeted investment communities,

21 as defined in section 32-222 of the general statutes, or in public
22 investment communities, as defined in section 7-545 of the general
23 statutes. Such credit may only be used to reduce tax liability and shall
24 not otherwise be refunded by the state.

25 (c) The Commissioner of Economic and Community Development
26 shall, in consultation with the Commissioner of Revenue Services,
27 adopt regulations, in accordance with the provisions of chapter 54 of
28 the general statutes, for establishment and operation of community
29 small business development revolving loan funds eligible for the credit
30 provided in this section. Such regulations shall include provisions for
31 loan eligibility and shall specify expenses for which loans may be
32 made and provide the documentation and procedures necessary for a
33 business firm to qualify for the tax credit. Loans from any such fund
34 shall be spent in this state and used for costs of small businesses in
35 such communities.

36 (d) Any business firm which desires to apply for the credit allowed
37 by this section shall submit documentation of its eligibility for such
38 credit, under the regulations adopted under subsection (c) of this
39 section, to the Commissioner of Economic and Community
40 Development on or before November first of each year. The
41 commissioner shall randomly select from among all qualified business
42 firms, those firms allowed said credit. The credit shall be claimed on
43 the tax return for the income year during which the selected business
44 firm made payment into the revolving loan fund. The sum of all tax
45 credits granted pursuant to the provisions of this section shall not
46 exceed one hundred thousand dollars annually per business firm. In
47 no event shall the total amount of all tax credits allowed to all business
48 firms pursuant to the provisions of this section exceed one million
49 dollars in any one fiscal year.

50 (e) Any business firm claiming the credit allowed by this section
51 shall submit documentation to the Commissioner of Revenue Services
52 that the revolving loan fund complies with regulations for revolving
53 loan funds established by the Commissioner of Economic and

54 Community Development under subsection (c) of this section and has
55 been selected under subsection (d) of this section.

56 (f) Any tax credit not used in the period during which the
57 investment was made may be carried forward for the three
58 immediately succeeding income years until the full credit has been
59 allowed.

60 (g) If the Commissioner of Economic and Community Development
61 determines that sixty per cent or more of a revolving loan fund has not
62 been loaned as provided in this section on or before the date that is
63 three years after the date that a revolving loan fund is established
64 pursuant to this section, the commissioner shall notify such firm that a
65 determination has been made that the sixty per cent or more of the
66 fund has not been loaned as provided in this section, and such firm
67 shall be required to repay any credits previously granted under this
68 section, to the extent provided for in regulations, on the first tax return
69 required to be filed on or after the date of such notice for a tax imposed
70 by chapter 207, 208, 209, 210, 211 or 212. If any amount of such repaid
71 credit has not been paid to the Commissioner of Revenue Services on
72 or before the due date of such return, such amount shall bear interest
73 at the rate of one per cent per month or fraction thereof from such due
74 date to the date of payment.

75 Sec. 2. This act shall take effect July 1, 2001, and shall be applicable
76 to income years commencing on and after January 1, 2001.

FIN *Joint Favorable Subst.*