



General Assembly

February Session, 2004

Raised Bill No. 5647

LCO No. 2214

02214_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

**AN ACT CONCERNING THE URBAN AND INDUSTRIAL SITE
REINVESTMENT PROGRAM.**

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

1 Section 1. Section 32-9t of the general statutes, as amended by
2 section 77 of public act 03-6 of the June 30 special session, is repealed
3 and the following is substituted in lieu thereof (*Effective from passage*):

4 (a) As used in this section:

5 (1) "Commissioner" means the Commissioner of Economic and
6 Community Development.

7 (2) "Eligible industrial site investment project" means a project
8 located within this state for the development or redevelopment of real
9 property: (A) (i) That has been subject to a "spill", as defined in section
10 22a-452c, (ii) is an "establishment", as defined in subdivision (3) of
11 section 22a-134, as amended, or (iii) is a "facility", as defined in 42 USC
12 9601(9); (B) that, if remediated, renovated or demolished in accordance
13 with applicable law and regulations and the standards of remediation
14 of the Department of Environmental Protection and used for business

15 purposes, will add significant new economic activity and employment
16 in the municipality in which the investment is to be made, and will
17 generate additional tax revenues to the state; (C) for which the use of
18 the urban and industrial site reinvestment program will be necessary
19 to attract private investment to the project; (D) the business use of
20 which would be economically viable and would generate direct and
21 indirect economic benefits to the state that exceed the amount of the
22 investment during the period for which the tax credits granted
23 pursuant to [public act 00-170*] this section are granted; and (E) that is,
24 in the judgment of the commissioner, consistent with the strategic
25 economic development priorities of the state and the municipality.

26 (3) "Eligible urban reinvestment project" means a project: (A) That
27 would add significant new economic activity in the eligible
28 municipality in which the project is located, and will generate
29 significant additional tax revenues to the state or the municipality; (B)
30 for which the use of the urban and industrial site reinvestment
31 program will be necessary to attract private investment to an eligible
32 municipality; (C) that is economically viable; (D) for which the direct
33 and indirect economic benefits to the state outweigh the costs of the
34 project; and (E) that is, in the judgment of the commissioner, consistent
35 with the strategic economic development priorities of the state and the
36 municipality.

37 (4) "Related person" means: (A) A corporation, limited liability
38 company, partnership, association or trust controlled by the taxpayer;
39 (B) an individual, corporation, limited liability company, partnership,
40 association or trust that is in control of the taxpayer; (C) a corporation,
41 limited liability company, partnership, association or trust controlled
42 by an individual, corporation, limited liability company, partnership,
43 association or trust that is in control of the taxpayer; or (D) a member
44 of the same controlled group as the taxpayer. For purposes of this
45 section, "control", with respect to a corporation, means ownership,
46 directly or indirectly, of stock possessing fifty per cent or more of the
47 total combined voting power of all classes of the stock of such

48 corporation entitled to vote. "Control", with respect to a trust, means
49 ownership, directly or indirectly, of fifty per cent or more of the
50 beneficial interest in the principal or income of such trust. The
51 ownership of stock in a corporation, of a capital or profits interest in a
52 partnership or association or of a beneficial interest in a trust shall be
53 determined in accordance with the rules for constructive ownership of
54 stock provided in Section 267(c) of the Internal Revenue Code of 1986,
55 or any subsequent corresponding internal revenue code of the United
56 States, as from time to time amended, other than paragraph (3) of such
57 section.

58 (5) "Investment" means all amounts invested in an eligible project by
59 or on behalf of a taxpayer, whether directly, through a fund, or
60 through a community development entity including, but not limited
61 to, (A) equity investments made by the taxpayer, and (B) loans.

62 (6) "Income year" means with respect to entities subject to taxation
63 under chapters 207 to 212a, the income year as determined under each
64 of said chapters, as the case may be.

65 (7) "Taxpayer" means any person, as defined in section 12-1,
66 whether or not subject to any taxes levied by this state.

67 (8) "Fund manager" means a fund manager registered in accordance
68 with subsection (d) of this section.

69 (9) "New job" means a job that did not exist in the business of a
70 subject business in this state prior to the subject business' application
71 to the commissioner for an eligibility certificate under this section for a
72 new facility and that is filled by a new employee, but does not mean a
73 job created when an employee is shifted from an existing location of
74 the subject business in this state to a new facility.

75 (10) "New employee" means a person hired by a subject business to
76 fill a position for a new job or a person shifted from an existing
77 location of the subject business outside this state to a new facility in

78 this state, provided (A) in no case shall the total number of new
79 employees allowed for purposes of this credit exceed the total increase
80 in the taxpayer's employment in this state, which increase shall be the
81 difference between (i) the number of employees employed by the
82 subject business in this state at the time of application for an eligibility
83 certificate to the commissioner plus the number of new employees
84 who would be eligible for inclusion under the credit allowed under
85 this section without regard to this calculation, and (ii) the highest
86 number of employees employed by the subject business in this state in
87 the year preceding the subject business' application for an eligibility
88 certificate to the commissioner, and (B) a person shall be deemed to be
89 a "new employee" only if such person's duties in connection with the
90 operation of the facility are on a regular, full-time, or equivalent
91 thereof, and permanent basis.

92 (11) "New facility" means a facility which (A) is acquired by, leased
93 to, or constructed by, a subject business on or after the date of the
94 subject business' application to the commissioner for an eligibility
95 certificate under this section, unless, upon application of the subject
96 business and upon good and sufficient cause shown, the commissioner
97 waives the requirement that such activity take place after the
98 application, and (B) was not in service or use during the one-year
99 period immediately prior to the date of the subject business'
100 application to the commissioner for an eligibility certificate under this
101 section, unless upon application of the subject business and upon good
102 and sufficient cause shown, the commissioner consents to waiving the
103 one-year period.

104 (12) "Eligible municipality" means (A) a municipality with an area
105 designated as an enterprise zone pursuant to section 32-70, (B) a
106 distressed municipality, as defined in subsection (b) of section 32-9p,
107 or (C) a municipality that has a population in excess of one hundred
108 thousand.

109 (13) "Eligible project" means an eligible urban reinvestment project

110 or an eligible industrial site investment project or both.

111 (14) "Approved investment" means an investment approved by the
112 commissioner under subsection (g) of this section.

113 (15) "Recapture amount" means the amount by which the total of tax
114 credits claimed with respect to any approved investment as of the date
115 of calculation exceeds the sum of all state revenue actually generated
116 through such date by the eligible project in which such approved
117 investment was made.

118 (16) "Pro rata share" means the percentage the amount of the
119 approved investment by an individual investor in an eligible project
120 bears to the total amount of the approved investment in such project,
121 or in the case of a taxpayer to whom credits are transferred under this
122 section, the percentage the amount of credits with respect to an
123 approved investment transferred bears to the total credits with respect
124 to such approved investment.

125 (17) "Community development entity" means any corporation,
126 limited partnership or limited liability company qualified to do
127 business in this state and which (A) is organized for the purpose of
128 providing investment capital or financing for eligible projects under
129 this section, (B) maintains accountability to residents of more than one
130 eligible municipality through representation on the governing board of
131 the entity, (C) is organized for the purpose of seeking certification and
132 an allocation of new markets tax credits as provided in Section 45D of
133 the Internal Revenue Code of 1986, or any subsequent corresponding
134 internal revenue code of the United States, as from time to time
135 amended, and (D) is registered in accordance with subsection (d) of
136 this section. No community development entity shall be eligible for
137 any tax credits under this section unless it is certified under said
138 Section 45D on the date any approved investment is made. A
139 community development entity shall not be deemed a "fund" for
140 purposes of this section.

141 (18) "Project" means the acquisition, leasing, demolition,
142 remediation, construction, renovation, expansion or other
143 development or redevelopment of real property and improvements
144 within this state, including furniture, fixtures, equipment and other
145 personal property which is reasonably necessary in connection
146 therewith, and associated interest and other financing costs and
147 charges, relocation and start-up costs, and architectural, engineering,
148 legal and other professional services, plans, specifications, surveys,
149 permits, studies and evaluations necessary or incident to the
150 development, financing, completion and placing in operation of such a
151 project.

152 (b) There is established an urban and industrial site reinvestment
153 program under which taxpayers who make investments in eligible
154 urban reinvestment projects or eligible industrial site investment
155 projects may be allowed a credit against the tax imposed under
156 chapters 207 to 212a, inclusive, or section 38a-743, or a combination of
157 said taxes, in an amount equal to the percentage of their approved
158 investment determined in accordance with subsection (i) of this
159 section.

160 (c) No project shall be deemed an eligible project unless such project
161 shall, in the judgment of the commissioner, be of sufficient size, by
162 itself or in conjunction with related new investments, to generate a
163 substantial return to the state economy. No project shall be deemed an
164 eligible project unless such project does not involve the relocating of
165 facilities from one municipality in this state to another municipality in
166 this state, provided this restriction shall not apply if the commissioner
167 determines that the project is (A) reasonably necessary to discourage
168 the project occupant from removing such facility to a location outside
169 the state, which determination is supported by a certification by the
170 commissioner that there is a bona fide offer or incentive to the project
171 occupant from a governmental entity outside this state, or (B)
172 reasonably necessary to preserve the competitive position of the
173 project occupant in its respective industry.

174 (d) (1) The commissioner may register managers of funds and
175 community development entities created for the purpose of investing
176 in eligible urban reinvestment projects and eligible industrial site
177 investment projects. Any manager or community development entity
178 registered under this subsection shall have its primary place of
179 business in this state. Each applicant shall submit an application under
180 oath to the commissioner to be registered and shall furnish evidence
181 satisfactory to the commissioner of its financial responsibility,
182 integrity, professional competence and experience in managing
183 investment funds. Failure to maintain adequate fiduciary standards
184 with respect to investments made under this section shall constitute
185 cause for the commissioner to revoke, after hearing, any registration
186 granted under this section or section 38a-88a. The fund manager or
187 community development entity shall make a report on or before the
188 first day of March in each year, under oath, to the Commissioner of
189 Economic and Community Development and the Commissioner of
190 Revenue Services specifying the name, address and Social Security
191 number or employer identification number of each investor, the year
192 during which each investment was made by each investor, the amount
193 of each investment, a description of the fund's investment objectives
194 and relative performance, or the entity's projects, as the case may be,
195 and a description, including amounts, of all fees received by such
196 manager or entity in relation to each such fund.

197 (2) Any manager of funds registered on or before July 1, 2000,
198 pursuant to section 38a-88a shall be deemed registered as a fund
199 manager for all purposes under the provisions of this section upon
200 submission, in writing, to the commissioner of such manager's
201 intention to act as a manager of funds under this section. The
202 commissioner may request from any such manager such information
203 as the commissioner may require relating to such manager's financial
204 responsibility, integrity, professional competence and experience in
205 managing investment funds.

206 (e) (1) Any taxpayer or fund manager, or community development

207 entity wishing to make an investment under the provisions of this
208 section shall apply to the commissioner in accordance with the
209 provisions of this section. The application shall contain sufficient
210 information to establish that the project in which the proposed
211 investment will be made is an eligible industrial site investment project
212 or an urban reinvestment project, as appropriate, and information
213 concerning the type of investment proposed to be made, the location of
214 the project, the number of jobs to be created or retained, physical
215 infrastructure that might be created or preserved, feasibility studies or
216 business plans for the project, projected state and local revenue that
217 might derive as a result of the project and other information necessary
218 to demonstrate the financial viability of the project and to demonstrate
219 that the investment will provide net benefits to the economy of, and
220 employment for citizens of, the municipality and the state, and in the
221 case of an eligible industrial site investment project, how such project
222 will meet the standards of remediation of the Department of
223 Environmental Protection. The commissioner shall impose a fee for
224 such application as the commissioner deems appropriate.

225 (2) For any application filed under this section, the commissioner
226 shall provide notice regarding such application to the speaker of the
227 House of Representatives, president pro tempore of the Senate and the
228 chairpersons of the joint standing committees of the General Assembly
229 having cognizance of matters relating to finance, revenue and bonding
230 and economic and community development, and to the chief elected
231 official of any municipality which may be affected by the project for
232 which the application is being filed.

233 (3) Any tax credits approved under this section that would
234 constitute in excess of ten million dollars in total for a single
235 investment shall not be effective unless approved under subsection (q)
236 of this section.

237 (f) (1) The commissioner shall determine whether the project in
238 which the proposed investment is to be made is an eligible urban

239 reinvestment project or an eligible industrial site investment project,
240 whether the project is economically viable only with use of the urban
241 and industrial site reinvestment program, the effects of the project on
242 the municipality where the investment will be made, [and] whether
243 the project would provide a net benefit to economic development and
244 employment opportunities in the state, [and] whether the project will
245 conform to the state plan of conservation and development and
246 whether there is a reasonable probability that available and qualified
247 residents of this state and available and qualified members of
248 minorities, as defined in section 32-9n, will be employed in
249 construction jobs at all levels of any construction activity. The
250 commissioner may require the applicant to submit such additional
251 information as may be necessary to evaluate the application.

252 (2) The commissioner shall prepare a revenue impact assessment
253 that estimates the state and local revenue that would be generated as a
254 result of the project. The commissioner shall prepare an economic
255 feasibility study relative to such project. The commissioner shall
256 prepare an impact statement regarding the project in accordance with
257 the provisions of section 32-6k. The commissioner may retain any such
258 persons as the commissioner deems appropriate to conduct such
259 revenue impact assessment [or economic feasibility study] or to
260 prepare such impact statement. The commissioner shall enter into an
261 agreement with The University of Connecticut for the preparation of
262 the economic feasibility study.

263 (g) (1) The commissioner, upon consideration of the application, the
264 revenue impact assessment and any additional information that the
265 commissioner requires concerning a proposed investment, may
266 approve an investment if the commissioner concludes that the project
267 in which such investment is to be made is an eligible urban
268 reinvestment project or an eligible industrial site investment project
269 and the project will employ available and qualified residents of this
270 state, and available and qualified members of minorities, as defined in
271 section 32-9n, in construction jobs at all levels of any construction

272 activity. If the commissioner rejects an application, the commissioner
273 shall specifically identify the defects in the application and specifically
274 explain the reasons for the rejection. The commissioner shall render a
275 decision on an application not later than ninety days from its receipt.
276 The amount of the investment so approved shall not exceed the greater
277 of: (A) The amount of state revenue that will be generated according to
278 the revenue impact assessment prepared under this subsection; or (B)
279 the total of state revenue and local revenue generated according to
280 such assessment in the case of a manufacturing business with standard
281 industrial classification codes of 3999, 2099, 2992 and 2834 which is
282 relocating to a site in Connecticut from out-of-state, provided the
283 relocation will result in new development of at least seven hundred
284 twenty-five thousand square feet in a state-sponsored industrial park.

285 (2) The approval of an investment by the commissioner may be
286 combined with the exercise of any of the commissioner's other powers,
287 including, but not limited to, the provision of other forms of financial
288 assistance.

289 (3) The commissioner shall require the applicant to reimburse the
290 commissioner for all or any part of the cost of any revenue impact
291 assessment economic feasibility study or other activities performed in
292 the exercise of due diligence pursuant to subsection (f) of this section.

293 (4) There is established an account to be known as the "Connecticut
294 economic impact and analysis account" which shall be a separate,
295 nonlapsing account within the General Fund. The account shall
296 contain any moneys required by law to be deposited in the account
297 and shall be held separate and apart from other moneys, funds and
298 accounts. There shall be deposited in the account any proceeds
299 realized by the state from activities pursuant to this section.
300 Investment earnings credited to the account shall become part of the
301 assets of the account. Any balance remaining in the account at the end
302 of any fiscal year shall be carried forward in the account for the next
303 fiscal year. Amounts in the account may be used by the Department of

304 Economic and Community Development to fund the cost of any
305 activities of the department pursuant to this section, including
306 administrative costs related to such activities.

307 (h) Upon approving an investment, the commissioner shall issue a
308 certificate of eligibility certifying that the applicant has complied with
309 the provisions of this section.

310 (i) (1) There shall be allowed as a credit against the tax imposed
311 under chapters 207 to 212a, inclusive, or section 38a-743, or a
312 combination of said taxes, an amount equal to the following
313 percentage of approved investments made by or on behalf of a
314 taxpayer with respect to the following income years of the taxpayer:
315 (A) With respect to the income year in which the investment in the
316 eligible project was made and the two next succeeding income years,
317 zero per cent; (B) with respect to the third full income year succeeding
318 the year in which the investment in the eligible project was made and
319 the three next succeeding income years, ten per cent; (C) with respect
320 to the seventh full income year succeeding the year in which the
321 investment in the eligible project was made and the next two
322 succeeding years, twenty per cent. The sum of all tax credits granted
323 pursuant to the provisions of this section shall not exceed one hundred
324 million dollars with respect to a single eligible urban reinvestment
325 project or a single eligible industrial site investment project approved
326 by the commissioner. The sum of all tax credits granted pursuant to
327 the provisions of this section shall not exceed five hundred million
328 dollars.

329 (2) Notwithstanding the provisions of subdivision (1) of this
330 subsection, any applicant may, at the time of application, apply to the
331 commissioner for a credit that exceeds the limitations established by
332 this subsection. The commissioner shall evaluate the benefits of such
333 application and make recommendations to the General Assembly
334 relating to changes in the general statutes which would be necessary to
335 effect such application if the commissioner determines that the

336 proposal would be of economic benefit to the state.

337 (j) The credits allowed by this section may be claimed by a taxpayer
338 who has made an investment (1) directly only if such investment has a
339 total asset value of not less than twenty million dollars; (2) through a
340 fund managed by a fund manager registered under this section only if
341 such fund: (A) Has a total asset value of not less than sixty million
342 dollars for the income year for which the initial credit is taken; and (B)
343 has not less than three investors who are not related persons with
344 respect to each other or to any person in which any investment is made
345 other than through the fund at the date the investment is made; or (3)
346 through a community development entity.

347 (k) Each taxpayer claiming the credit allowed under this section
348 shall submit to the Commissioner of Revenue Services a copy of the
349 eligibility certificate issued under subsection (h) of this section with its
350 tax return for each taxable year for which a credit is claimed together
351 with a report on the jobs attributed to the project which were created
352 or retained.

353 (l) The tax credit allowed by this section, when made through a
354 fund, shall only be available for investments in funds that are not open
355 to additional investments or investors beyond the amount subscribed
356 at the formation of the fund.

357 (m) (1) The Commissioner of Revenue Services may treat one or
358 more corporations that are properly included in a combined
359 corporation business tax return under section 12-223a, as amended, as
360 one taxpayer in determining whether the appropriate requirements
361 under this section are met. Where corporations are treated as one
362 taxpayer for purposes of this subsection, then the credit shall be
363 allowed only against the amount of the combined tax for all
364 corporations properly included in a combined return that, under the
365 provisions of subdivision (2) of this subsection, is attributable to the
366 corporations treated as one taxpayer.

367 (2) The amount of the combined tax for all corporations properly
368 included in a combined corporation business tax return that is
369 attributable to the corporations that are treated as one taxpayer under
370 the provisions of this subsection shall be in the same ratio to such
371 combined tax that the net income apportioned to this state of each
372 corporation treated as one taxpayer bears to the net income
373 apportioned to this state, in the aggregate, of all corporations included
374 in such combined return. Solely for the purposes of computing such
375 ratio, any net loss apportioned to this state by a corporation treated as
376 one taxpayer or by a corporation included in such combined return
377 shall be disregarded.

378 [(n) Any taxpayer allowed a credit under this section may assign
379 such credit to another taxpayer, provided such other taxpayer may
380 claim such credit only with respect to a taxable year for which the
381 assigning taxpayer would have been eligible to claim such credit and
382 such other taxpayer may not further assign such credit. The taxpayer
383 allowed such credit, the fund manager or the community development
384 entity shall file with the Commissioner of Revenue Services
385 information requested by the commissioner regarding such
386 assignments, including, but not limited to, the current holders of
387 credits as of the end of the preceding calendar year.]

388 (n) Tax credits allowed under this section may not be transferred or
389 assigned.

390 (o) No taxpayer shall be eligible for a credit under (1) this section,
391 and (2) section 12-217e or 38a-88a, for the same investment. No two
392 taxpayers shall be eligible for any tax credit with respect to the same
393 investment or the same project costs.

394 (p) Any credit not used in the income year for which it was allowed
395 may be carried forward for the five immediately succeeding income
396 years until the full credit has been allowed.

397 [(q) Any tax credits approved under this section that would

398 constitute in excess of twenty million dollars in total for a single
399 investment shall be submitted by the Commissioner of Economic and
400 Community Development to the joint standing committee of the
401 General Assembly having cognizance of matters relating to finance
402 prior to the issuance of a certificate of eligibility for such investment.
403 Said commissioner shall make a recommendation to the president pro
404 tempore of the Senate and to the speaker of the House of
405 Representatives regarding approval or disapproval of such project not
406 later than thirty days after receiving such submission. If such
407 submission is not disapproved by the House of Representatives or the
408 Senate, or both, within sixty days of the submission date, the
409 commissioner may issue such certificate.]

410 (q) If the commissioner approves any tax credits under this section
411 that would constitute in excess of ten million dollars in total for a
412 single investment, the commissioner shall provide notice of such
413 approval to the speaker of the House of Representatives and the
414 president pro tempore of the Senate. If the General Assembly is not in
415 session, such notice shall be deemed to be filed on the first day of the
416 next regular session. Not later than five days after receipt of notice of
417 such approval, the speaker of the House of Representatives and the
418 president pro tempore of the Senate shall submit such notice to the
419 joint standing committee of the General Assembly having cognizance
420 of matters relating to finance, revenue and bonding. Not later than
421 fifteen days after its receipt of such notice, said joint standing
422 committee shall hold a public hearing on such tax credits. Not later
423 than thirty days after the speaker's and president pro tempore's receipt
424 of the notice from the commissioner regarding such tax credits, the
425 joint standing committee of the General Assembly having cognizance
426 of matters relating to finance, revenue and bonding shall recommend
427 to the speaker of the House of Representatives and the president pro
428 tempore of the Senate its approval or disapproval of the tax credits. If
429 the General Assembly is in regular session when said joint standing
430 committee makes such recommendation, it may vote to approve or
431 disapprove such tax credits not later than forty-five days after the

432 commissioner submitted such approval of tax credits to the speaker of
433 the House of Representatives and president pro tempore of the Senate.
434 If the General Assembly does not vote to approve or disapprove such
435 tax credits within such forty-five-day period, the tax credits shall be
436 deemed approved. If the regular session adjourns prior to such forty-
437 fifth day and the tax credits have not been acted upon by the General
438 Assembly, the commissioner's notice of approval shall be deemed to be
439 filed with the speaker of the House of Representatives and president
440 pro tempore of the Senate on the first day of the next regular session.

441 (r) Not later than July first in each year that credits allowed by this
442 section are claimed by a taxpayer with respect to an approved
443 investment, the commissioner may retain such persons as said
444 commissioner may deem appropriate to conduct a study to estimate
445 the state revenue that is being and will be generated by the eligible
446 project in which such investment is made. Such economic impact study
447 shall determine whether the state revenue actually generated by such
448 eligible project is equal to the estimate of state revenue made at the
449 time the investment in such eligible project was approved. If the sum
450 of all state revenue actually generated by such eligible project is less
451 than the amount of the total sum of tax credits claimed with respect to
452 the approved investment in such project on the date of such analysis,
453 the commissioner may determine from the person retained pursuant to
454 this subsection the applicable recapture amount and may revoke the
455 certificate of eligibility issued under subsection (h) of this section. The
456 commissioner may require the taxpayer, the fund manager or
457 community development entity that made such approved investment
458 to reimburse the commissioner for all or any part of the cost of any
459 economic impact study performed under this subsection.

460 (s) (1) Any taxpayer which has claimed credits allowed by this
461 section related to an investment concerning which the commissioner
462 has revoked the certificate of eligibility issued under subsection (h) of
463 this section, shall be required to recapture such taxpayer's pro rata
464 share of the recapture amount as determined under the provisions of

465 subdivision (2) of this subsection and no subsequent credit shall be
466 allowed unless such certificate of eligibility is reinstated under the
467 provisions of subdivision (3) of this subsection.

468 (2) If the taxpayer is required under the provisions of subdivision
469 (1) of this subsection to recapture its pro rata share of the recapture
470 amount during (A) the first year such credit was claimed, then ninety
471 per cent of such share shall be recaptured on the tax return required to
472 be filed for such year, (B) the second of such years, then sixty-five per
473 cent of such share shall be recaptured on the tax return required to be
474 filed for such year, (C) the third of such years, then fifty per cent of
475 such share shall be recaptured on the tax return required to be filed for
476 such year, (D) the fourth of such years, then thirty per cent of such
477 share shall be recaptured on the tax return required to be filed for such
478 year, (E) the fifth of such years, then twenty per cent of such share
479 shall be recaptured on the tax return required to be filed for such year,
480 and (F) the sixth or subsequent of such years, then ten per cent of such
481 share shall be recaptured on the tax return required to be filed for such
482 year. The Commissioner of Revenue Services may recapture such share
483 from the taxpayer who has claimed such credits. If the commissioner is
484 unable to recapture all or part of such share from such taxpayer, the
485 commissioner may seek to recapture such share from any taxpayer
486 who has assigned credits in an amount at least equal to such share to
487 another taxpayer. If the commissioner is unable to recapture all or part
488 of such share from any such taxpayer, the commissioner may
489 recapture such share from any fund through which the investment was
490 made.

491 (3) If the commissioner has revoked the certificate of eligibility
492 issued under subsection (h) of this section, such certificate of eligibility
493 shall be reinstated by the commissioner if, upon a request made by the
494 taxpayer, fund manager or community development entity who made
495 such approved investment, an economic impact study conducted
496 pursuant to subsection (r) of this section shall determine that the sum
497 of all state revenue actually generated by the project in which such

498 investment was made is greater than the amount of the total sum of tax
499 credits claimed on the date of such analysis, provided no such request
500 shall be made pursuant to this subsection during the calendar year in
501 which such certificate was revoked. For the purpose of determining
502 whether such certificate shall be reinstated, the commissioner shall,
503 upon receipt of a request made under this subsection, obtain one such
504 economic impact study per calendar year and may obtain additional
505 such economic impact studies as the commissioner deems appropriate.

506 Sec. 2. Subdivision (2) of section 32-450 of the general statutes is
507 repealed and the following is substituted in lieu thereof (*Effective from*
508 *passage*):

509 (2) "Economic development financial assistance" means any grant,
510 loan or loan guarantee, or combination thereof, or any tax credits
511 approved under section 32-9t, as amended by this act, provided to a
512 business for the purpose of economic development.

513 Sec. 3. (NEW) (*Effective July 1, 2004*) On or before January 1, 2005,
514 and annually thereafter, the Commissioner of Economic and
515 Community Development shall prepare a report regarding tax credits
516 allowed under the general statutes which require any approval or
517 certification by said commissioner. Such report shall include
518 information regarding all credits claimed, approved and allowed and
519 the amount of any credits sold or transferred, including to whom the
520 credit was transferred and for what, if any, discount. Such report shall
521 be submitted to the speaker of the House of Representatives, the
522 president pro tempore of the Senate, and the chairpersons of the joint
523 standing committees of the General Assembly having cognizance of
524 matters relating to finance, revenue and bonding and economic and
525 community development.

526 Sec. 4. (NEW) (*Effective July 1, 2004*) On or before January 1, 2005,
527 and annually thereafter, the Commissioner of Revenue Services shall
528 prepare a report regarding tax credits administered by the Department
529 of Revenue Services. Such report shall include information regarding

530 all tax credits allowed by said commissioner, the total amount allowed
531 in the preceding fiscal year for each type or category of credit and the
532 authority for such credit.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>July 1, 2004</i>
Sec. 4	<i>July 1, 2004</i>

Statement of Purpose:

To provide for better legislative oversight of tax credit programs, including the urban and industrial site reinvestment program.

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