



House of Representatives

General Assembly

File No. 589

January Session, 2005

Substitute House Bill No. 6973

House of Representatives, April 28, 2005

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING REPORTING REQUIREMENTS FOR TAX EXPENDITURES.

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

1 Section 1. Section 12-217z of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) There is established a [Corporation] Business Tax Credit Review
4 Committee which shall be comprised of the following members: (1)
5 The chairpersons and ranking members of the joint standing
6 committee of the General Assembly having cognizance of matters
7 relating to finance, revenue and bonding, or their designees; [(2) one
8 member appointed by each of the following: The Governor, the
9 president pro tempore of the Senate, the speaker of the House of
10 Representatives, the majority leader of the Senate, the majority leader
11 of the House of Representatives, the minority leader of the House of
12 Representatives and the minority leader of the Senate;] (2) (A) a

13 representative from the business community appointed by the
14 president pro tempore of the Senate, (B) a representative from a
15 municipal organization appointed by the speaker of the House of
16 Representatives, (C) a representative from a labor organization
17 appointed by the majority leader of the Senate, (D) an attorney
18 specializing in taxation appointed by the majority leader of the House
19 of Representatives, (E) an accountant specializing in taxation
20 appointed by the minority leader of the Senate, and (F) an economist
21 appointed by the minority leader of the House of Representatives; and
22 (3) the Commissioners of Revenue Services and Economic and
23 Community Development, or their designees.

24 (b) The chairpersons of the joint standing committee of the General
25 Assembly having cognizance of matters relating to finance, revenue
26 and bonding shall be the chairpersons of the Business Tax Credit
27 Review Committee. The Business Tax Credit Review Committee shall
28 meet not less than twice a year, and at such other times as the
29 chairpersons deem necessary.

30 (c) (1) Not later than October 1, 2005, and annually thereafter, the
31 Commissioner of Revenue Services shall submit a report to the joint
32 standing committee of the General Assembly having cognizance of
33 matters relating to finance, revenue and bonding, to the Business Tax
34 Credit Review Committee and to the Commissioner of Economic and
35 Community Development, in accordance with the provisions of
36 section 11-4a. Such report shall provide information, based on the most
37 recently available data, with respect to the exemption, tax credit or tax
38 credit refund programs listed in subdivision (3) of this subsection. For
39 the report required on October 1, 2005, only, information otherwise
40 required pursuant to this subsection may be omitted if such
41 information is not available to the Department of Revenue Services.
42 Such report shall include the following information: (A) A list of the
43 names, addresses and locations of all recipients of each such
44 exemption, tax credit or tax credit refund; and (B) for each such
45 recipient: (i) The business activities, (ii) the amount of income
46 apportioned to this state and the taxes paid on such income, (iii) the

47 exemption and the amount of such exemption, the tax credit and
48 amount of such credit taken, or the tax credit refund and the amount of
49 such refund, (iv) the gross revenues during the recipient's most recent
50 fiscal year, (v) the number of employees, both full-time and part-time,
51 at the time of use of such exemption, credit or credit refund, (vi)
52 whether the recipient is a minority business enterprise, as defined in
53 section 4a-60g, (vii) job creation or retention, if any, resulting from the
54 use of such exemption, credit or credit refund, (viii) new or increased
55 revenues to the state or local tax base, if any, due to the use of such
56 exemption, credit or credit refund, and (ix) the amount of investments
57 from private and other nonstate sources, if any, that have been
58 leveraged by such exemption, credit or credit refund. The report shall
59 include a summary of the exemptions, tax credits and tax credit
60 refunds granted, and recommendations for legislation to promote the
61 purposes of such exemptions, tax credits or tax credit refunds.

62 (2) The Commissioner of Revenue Services shall modify any forms
63 used in submitting tax returns pursuant to this chapter or chapter 207,
64 208a, 209, 210, 211 or 212 in such a way as to enable reporting of all
65 information required pursuant to subdivision (1) of this subsection.

66 (3) The exemption and tax credit and tax credit refund programs to
67 be included in the report required pursuant to subsection (c) of this
68 section are those established pursuant to subdivision (1) of subsection
69 (a) of section 12-213, subparagraph (B) of subdivision (9) of subsection
70 (a) of section 12-213, subparagraph (A) of subdivision (2) of subsection
71 (a) of section 12-214, subparagraph (D) of subdivision (1) of subsection
72 (a) of section 12-217, subparagraphs (A) and (B) of subdivision (4) of
73 subsection (a) of section 12-217, sections 12-217e, 12-217g, 12-217i, 12-
74 217j, 12-217l, 12-217n to 12-217p, inclusive, 12-217s to 12-217y,
75 inclusive, and 12-217bb to 12-217ff, inclusive.

76 [(b)] (d) (1) The [committee shall study and evaluate all the existing
77 credits against the corporation business tax] Commissioner of
78 Economic and Community Development shall study and evaluate the
79 report submitted pursuant to subsection (c) of this section. The study

80 shall include, but is not limited to, consideration of the following with
81 respect to each exemption, credit or credit refund: [(1)] (A) Has the
82 exemption, credit or credit refund provided a benefit to the state in
83 terms of (i) measurable economic development, (ii) new investments in
84 the state, (iii) new jobs or retention of existing jobs, or measurable
85 benefits for the workforce in the state, (iv) new or increased revenues
86 to the state or local tax base, (v) its impact on the cost of goods or
87 services, and (vi) maintenance of a competitive advantage for this
88 state; [(2)] (B) is there sufficient justification to continue the exemption,
89 credit or credit refund as it currently exists or is it obsolete; [(3)] (C)
90 could the exemption, credit or credit refund be more efficiently
91 administered as part of a broad-based exemption, credit or credit
92 refund; and [(4)] (D) does the exemption, credit or credit refund add
93 unnecessary complexity in the application, administration and
94 approval process for the exemption, credit or credit refund. The
95 [committee] Commissioner of Economic and Community
96 Development shall also engage in an analysis of the history, rationale
97 and estimated revenue loss as a result of each tax exemption, credit or
98 credit refund, and shall recommend revisions necessary to change the
99 tax by eliminating or changing any redundant, obsolete or unnecessary
100 tax exemption, credit or credit refund, or any exemption, credit or
101 credit refund that is not providing a measurable benefit sufficient to
102 justify any revenue loss to the state.

103 (2) Not later than January 1, 2006, and annually thereafter, the
104 Commissioner of Economic and Community Development shall
105 submit a report on the study and evaluation required pursuant to
106 subdivision (1) of this subsection to the Business Tax Credit Review
107 Committee, in accordance with the provisions of section 11-4a.

108 [(c)] (e) The [committee shall] Business Tax Credit Review
109 Committee shall review the reports and recommendations submitted
110 pursuant to subsections (c) and (d) of this section, and report its
111 findings and recommendations to the joint standing committee of the
112 General Assembly having cognizance of matters relating to finance,
113 revenue and bonding no later than [January 30, 2002] February 15,

114 2006, and [every five years] annually thereafter, in accordance with
115 section 11-4a.

116 Sec. 2. Subsection (b) of section 12-15 of the general statutes is
117 repealed and the following is substituted in lieu thereof (*Effective from*
118 *passage and applicable to income years commencing January 1, 2005*):

119 (b) The commissioner may disclose (1) returns or return information
120 to (A) an authorized representative of another state agency or office,
121 upon written request by the head of such agency or office, when
122 required in the course of duty or when there is reasonable cause to
123 believe that any state law is being violated, or (B) an authorized
124 representative of an agency or office of the United States, upon written
125 request by the head of such agency or office, when required in the
126 course of duty or when there is reasonable cause to believe that any
127 federal law is being violated, provided no such agency or office shall
128 disclose such returns or return information, other than in a judicial or
129 administrative proceeding to which such agency or office is a party
130 pertaining to the enforcement of state or federal law, as the case may
131 be, in a form which can be associated with, or otherwise identify,
132 directly or indirectly, a particular taxpayer except that the names and
133 addresses of jurors or potential jurors and the fact that the names were
134 derived from the list of taxpayers pursuant to chapter 884 may be
135 disclosed by the judicial branch; (2) returns or return information to
136 the Auditors of Public Accounts, when required in the course of duty
137 under chapter 23; (3) returns or return information to tax officers of
138 another state or of a Canadian province or of a political subdivision of
139 such other state or province or of the District of Columbia or to any
140 officer of the United States Treasury Department or the United States
141 Department of Health and Human Services, authorized for such
142 purpose in accordance with an agreement between this state and such
143 other state, province, political subdivision, the District of Columbia or
144 department, respectively, when required in the administration of taxes
145 imposed under the laws of such other state, province, political
146 subdivision, the District of Columbia or the United States, respectively,
147 and when a reciprocal arrangement exists; (4) returns or return

148 information in any action, case or proceeding in any court of
149 competent jurisdiction, when the commissioner or any other state
150 department or agency is a party, and when such information is directly
151 involved in such action, case or proceeding; (5) returns or return
152 information to a taxpayer or its authorized representative, upon
153 written request for a return filed by or return information on such
154 taxpayer; (6) returns or return information to a successor, receiver,
155 trustee, executor, administrator, assignee, guardian or guarantor of a
156 taxpayer, when such person establishes, to the satisfaction of the
157 commissioner, that such person has a material interest which will be
158 affected by information contained in such returns or return
159 information; (7) information to the assessor or an authorized
160 representative of the chief executive officer of a Connecticut
161 municipality, when the information disclosed is limited to (A) a list of
162 real or personal property that is or may be subject to property taxes in
163 such municipality, or (B) a list containing the name of each person who
164 is issued any license, permit or certificate which is required, under the
165 provisions of this title, to be conspicuously displayed and whose
166 address is in such municipality; (8) real estate conveyance tax return
167 information or controlling interest transfer tax return information to
168 the town clerk or an authorized representative of the chief executive
169 officer of a Connecticut municipality to which the information relates;
170 (9) estate tax returns and estate tax return information to the Probate
171 Court Administrator or to the court of probate for the district within
172 which a decedent resided at the date of the decedent's death, or within
173 which the commissioner contends that a decedent resided at the date
174 of the decedent's death or, if a decedent died a nonresident of this
175 state, in the court of probate for the district within which real estate or
176 tangible personal property of the decedent is situated, or within which
177 the commissioner contends that real estate or tangible personal
178 property of the decedent is situated; (10) returns or return information
179 to the Secretary of the Office of Policy and Management for purposes
180 of subsection (b) of section 12-7a; (11) return information to the Jury
181 Administrator, when the information disclosed is limited to the names,
182 addresses, federal Social Security numbers and dates of birth, if

183 available, of residents of this state, as defined in subdivision (1) of
 184 subsection (a) of section 12-701; (12) pursuant to regulations adopted
 185 by the commissioner, returns or return information to any person to
 186 the extent necessary in connection with the processing, storage,
 187 transmission or reproduction of such returns or return information,
 188 and the programming, maintenance, repair, testing or procurement of
 189 equipment, or the providing of other services, for purposes of tax
 190 administration; (13) without written request and unless the
 191 commissioner determines that disclosure would identify a confidential
 192 informant or seriously impair a civil or criminal tax investigation,
 193 returns and return information which may constitute evidence of a
 194 violation of any civil or criminal law of this state or the United States to
 195 the extent necessary to apprise the head of such agency or office
 196 charged with the responsibility of enforcing such law, in which event
 197 the head of such agency or office may disclose such return information
 198 to officers and employees of such agency or office to the extent
 199 necessary to enforce such law; (14) names and addresses of operators,
 200 as defined in section 12-407, to tourism districts, as defined in section
 201 10-397; (15) names of each licensed dealer, as defined in section 12-285,
 202 and the location of the premises covered by the dealer's license; [and]
 203 (16) to a tobacco product manufacturer that places funds into escrow
 204 pursuant to the provisions of subsection (a) of section 4-28i, return
 205 information of a distributor licensed under the provisions of chapter
 206 214 or chapter 214a, provided the information disclosed is limited to
 207 information relating to such manufacturer's sales to consumers within
 208 this state, whether directly or through a distributor, dealer or similar
 209 intermediary or intermediaries, of cigarettes, as defined in section 4-
 210 28h, and further provided there is reasonable cause to believe that such
 211 manufacturer is not in compliance with section 4-28i; and (17) return
 212 information for purposes of section 12-217z, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	12-217z

Sec. 2	<i>from passage and applicable to income years commencing January 1, 2005</i>	12-15(b)
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Statement of Legislative Commissioners:

In section 1, the language of subsection (a) was adjusted slightly to clarify membership on the committee.

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Revenue Services	GF - Cost	360,000	110,000
Department of Economic & Community Development	GF - Cost	174,000	174,000
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	64,300	153,100
Legislative Mgmt.	GF - Cost	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

Implementing the data collection and reporting provisions of the bill is expected to cost the Department of Revenue Services (DRS) \$360,000 in FY 06 and \$110,000 in FY 07. The FY 06 cost is composed of a \$250,000 one-time expenditure to: (1) make necessary programming changes to incorporate data either not currently captured or required to be provided by taxpayers, and (2) significantly modify tax forms and publications. There will also be a \$110,000 expenditure to hire a Research Specialist (\$55,000/yr plus fringe benefits¹) and a Data Processing Technical Specialist (\$55,000/yr plus fringe benefits¹) to compile, audit, and prepare an annual report that contains information on up to 48,000 corporation business taxpayers. The cost in FY 07 is for the 2 new positions.

Requiring the Department of Economic and Community Development (DECD) to study DRS' report and evaluate each business tax credit according to specified criteria is expected to cost \$174,000 in FY 06 and FY 07 for 2 Economic and Community Development Agents

(\$55,000/yr each plus fringe benefits¹) and an Economic and Community Development Specialist (\$64,000/yr plus fringe benefits¹). DECD currently has a Connecticut economic model (REMI) that assists the department in analyzing economic assistance proposals. It is anticipated that the department would be able to utilize the REMI model as a tool in evaluating the economic impact of the various business tax exemptions and credits. However, the bills requirements will involve extensive data preparation/segregation, running multiple simulations, and complex evaluations utilizing the information on the up to 48,000 corporation business taxpayers.

Legislative Management will incur minimal costs for legislator mileage reimbursement, which is currently 40.5 cents per mile, for the chairs and ranking members of the Finance Committee, and any other legislators appointed to serve on the reconstituted business tax review committee.

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated fringe benefit reimbursement rate as a percentage of payroll is 53.91%, effective July 1, 2004. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 22.65%. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

OLR Bill Analysis

sHB 6973

AN ACT CONCERNING REPORTING REQUIREMENTS FOR TAX EXPENDITURES**SUMMARY:**

This bill requires the Department of Revenue Services (DRS) to collect and report specified information each year about companies receiving the business tax exemptions, deductions, credits, and credit refunds listed in the bill (see Tables 1 and 2 below). The information DRS must report includes each company's name, business activities, annual gross revenues, income apportioned to Connecticut, and Connecticut business taxes paid on that income. DRS must report the information by October 1 annually to a new business tax credit review committee (a revamped version of the existing corporation tax review committee), the Finance, Revenue and Bonding Committee, and the Department of Economic and Community Development (DECD) commissioner. The bill exempts information in DRS's report from statutory confidentiality requirements covering tax return information.

The bill requires DECD to study DRS's report and use it to evaluate each business tax benefit according to criteria specified in current law and the bill. The criteria include whether the exemption, deduction, credit, or credit refund provides measurable economic development, new investment, job growth or retention, or new or increased revenue to state or local tax bases.

DECD must report its evaluation to the business tax credit review committee by January 1 annually. The review committee must assess the DRS and DECD reports and recommendations and report its own findings and recommendations to the Finance, Revenue, and Bonding Committee by February 15 annually.

The bill reconstitutes the existing corporation tax credit review committee as the business tax credit review committee. It reduces the membership from 13 to 12, eliminating the governor's appointee; makes the Finance, Revenue and Bonding Committee co-chairs the chairs of the review committee; requires the committee to meet at least twice a year; and requires the six appointed committee members to

have specific qualifications. The current corporation tax review committee was established in statute in 1997, but has never been put into operation.

EFFECTIVE DATE: July 1, 2005, except for the exemption from tax return confidentiality requirements, which is effective on passage and applicable to tax years starting on or after January 1, 2005.

DRS REPORT

The bill requires the DRS commissioner to file an annual report with the Finance, Revenue and Bonding Committee, the business tax credit review committee, and the DECD commissioner containing certain information, based on the most recent available data, about companies receiving specified business tax exemptions, deductions, credits, or credit refunds. (See Tables 1 and 2 below for a list of the business tax benefits the bill covers.)

The report, which the commissioner must submit by October 1 annually starting October 1, 2005, must include, for each company receiving any of the listed tax benefits:

1. name, address, and location;
2. business activities;
3. amount of income apportioned to Connecticut and taxes paid on that income;
4. the benefit taken and its amount;
5. gross revenues for the company's most recent fiscal year;
6. number of full- and part-time employees at the time the benefit was used;
7. whether the company is a minority-owned business under state law (see BACKGROUND);
8. any jobs created or retained as a result of using the benefit;

9. any new or increased revenue to the state or local tax base stemming from the benefit; and
10. the amount of private or nonstate investments, if any, leveraged by the tax benefit.

The bill requires DRS to modify business tax forms to allow businesses to report the required information. DRS may omit from its October 1, 2005 report any information that is not available.

In addition to the information listed, the DRS report must also include a summary of the covered tax benefits and recommended legislation to promote the benefits' purposes.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT REPORT

The bill eliminates the requirement that the review committee evaluate the business tax exemptions, deductions, credits, and credit refunds. Instead, it requires DECD to study and evaluate DRS's report and submit its own report on the results to the review committee by January 1, 2006 and annually thereafter.

The bill adds to existing criteria for evaluating the tax benefits. Under both current law and the bill, each must at least be evaluated on whether:

1. it benefits the state through measurable economic development, new in-state investments, job growth or retention, or measurable benefits to the state's workforce;
2. there is sufficient justification to continue it in its existing form;
3. the benefit could be more efficiently administered as part of a broad-based benefit; and
4. the benefit's application, administration, and approval process are unnecessarily complex.

The bill also requires an evaluation of (1) whether the tax benefit has brought new or increased revenues to state or local tax bases, (2) the

benefit's effect on the cost of goods or services, and (3) whether it helps the state maintain a competitive advantage.

In addition, under the bill, DECD must analyze the history, rationale, and estimated revenue loss for each tax benefit and recommend any tax changes by eliminating or changing any benefit that is (1) redundant, obsolete, or unnecessary or (2) not providing enough of a measurable benefit to justify the state revenue loss. Current law requires the review committee to perform this analysis.

BUSINESS TAX CREDIT REVIEW COMMITTEE REPORT

The bill requires the committee to review the DRS and DECD reports and recommendations and report its own findings and recommendations concerning the tax benefits to the Finance, Revenue and Bonding Committee by February 15, 2006 and annually thereafter. Under current law, the corporation tax credit review committee was to make its first report to the Finance, Revenue and Bonding Committee by January 1, 2002 and every five years thereafter.

BUSINESS TAX CREDIT REVIEW COMMITTEE MEMBERSHIP AND QUALIFICATIONS

The bill revamps the corporation business tax review committee. Under current law, the committee is responsible for evaluating corporation business tax credits and reporting the results of its study to the Finance Committee every five years. But no members have been appointed to it and it has never issued a report.

The bill reduces the committee's membership from 13 to 12 by eliminating the governor's appointment; makes the Finance, Revenue and Bonding Committee co-chairs the review committee's co-chairs; and requires its six appointed members to have specific qualifications. Under both current law and the bill, the review committee also includes Finance Committee's ranking members and the DRS and DECD commissioners or their designees. The bill requires the committee to meet at least twice a year.

The bill requires appointed members to have the following qualifications:

Qualification	Appointing Authority
Business community representative	Senate president pro tempore

Municipal organization representative	House speaker
Labor organization representative	Senate majority leader
Attorney specializing in taxation	House majority leader
Accountant specializing in taxation	Senate minority leader
Economist	House minority leader

COVERED TAX BENEFITS

The bill's reporting and evaluation requirements apply to the business tax benefits shown in Tables 1 and 2.

Table 1: Corporation Tax Exemptions and Deductions Covered by the Bill

CGS §	For	Eligible Corporation(s)
12-213 (a)(1)	Exemption for passive investment companies and municipal utilities.	<ul style="list-style-type: none"> • Municipal utilities • Passive investment companies (Insurance or financial services company affiliates that maintain a CT. office; employ at last five FT employees in CT.; and limit their activities to buying and selling intangible investments, such as loans secured by real estate and short-term cash investments, and related activities.)
12-213 (a)(9)(B)	Gross income exemption for dividends from a foreign corporation on account of foreign taxes considered paid when a domestic company elects to take the foreign tax credit on its federal tax return.	All
12-214 (a) (2) (A)	Exemption for foreign and domestic insurance companies.	Insurance companies
12-217 (a) (1) (D)	Deduction from gross income for 100% of dividends received from companies in which the corporation has at least 20% ownership and 70% of dividends from companies in which corporation's ownership is less than 20%.	All
12-217 (a) (4) (A)	Net operating loss deduction and loss carryover (20 years for losses incurred in the 2000 income year or after).	All
12-217 (a) (4)	Net capital loss deduction and loss carryover (5 years).	All

CGS §	For	Eligible Corporation(s)
(B)		

Table 2: Business Tax Credits And Credit Refunds Covered by the Bill

CGS §	For	Eligible Corporation(s)	Against (Tax)
12-217e	Locating in an enterprise zone or in a municipality with an entertainment district and meeting employment criteria.	Manufacturing, specified service, and entertainment-type businesses	Corporation
	Locating a manufacturing facility in a targeted investment community.	Manufacturing, specified service, and entertainment-type businesses	
	Locating a service facility in a targeted investment community and hiring new employees.	Service	
12-217g	Apprenticeship training.	Manufacturing, plastics, construction	Corporation
12-217i	Expenses related to use of clean alternative fuel vehicles and related equipment (electric and natural gas).	All	<ul style="list-style-type: none"> • Corporation • Air carrier • Railroad company • Express, telegraph, CATV • Utility company
12-217j	Increased spending for research and experimental activities.	All	Corporation
12-217l	Research and development grants to higher education institutions related to technology advancement.	All	Corporation
12-217n	Research and development expenses.	All	Corporation
12-217o	Increased spending on machinery and equipment.	All	Corporation
12-217p	Employer-assisted housing.	All	<ul style="list-style-type: none"> • Corporation • Insurance • Air carrier

CGS §	For	Eligible Corporation(s)	Against (Tax)
			<ul style="list-style-type: none"> • Railroad company • Express, telegraph, CATV • Utility company
12-217s	Expenses for traffic reduction programs.	Companies employing at least 100 and located in a severe nonattainment area under the federal Clean Air Act	Corporation
12-217t	Property taxes on electronic data processing equipment.	All	<ul style="list-style-type: none"> • Corporation • Insurance • Air carrier • Railroad company • Express, telegraph, CATV • Utility company • Nonprofit organization unrelated business income • Net direct subscriber tax
12-217u	Financial institution building a new facility and creating at least 1,200 jobs.	Financial	Corporation
12-217v	Qualifying corporations hiring at least 150 qualifying local employees to work in an enterprise zone.	Companies created after 1997	Corporation
12-217w	Fixed capital investments.	All	Corporation
12-217x	Human capital investments (e.g., job training and work education, child care subsidies, establishing a day care center for employees, and technology donations to higher education institutions).	All	Corporation
12-217y	Hiring Temporary Family Assistance recipients.	All	Corporation

CGS §	For	Eligible Corporation(s)	Against (Tax)
12-217bb	Hiring workers displaced by electric industry restructuring.	Electric suppliers	Corporation
12-217cc	Amount paid to federal Small Business Administration to obtain guaranteed financing.	Businesses with less than \$5 million in annual gross revenues	Corporation
12-217dd	Donating land for open space.	All	Corporation
12-217ee	65% credit refund for unused tax credits for (1) increased spending for research and experimentation (12-217j) and (2) research and development expenses (12-217n).	Companies with less than \$70 million in annual gross revenues	Corporation
12-217ff	50% of the value of land donated, or 50% of the discounted value of land conveyed at less than full value, to a municipality or political subdivision for a school or school-related facilities.	All	Corporation

BACKGROUND

Minority-Owned Business

In defining a “minority-owned business” for purposes of the required DRS report, the bill incorporates by reference the statutory definition in CGS §4-60g for “minority business enterprise.” The law defines a “minority business enterprise” as a small contractor owned primarily (at least 51%) by (1) a black American, Hispanic American, Asian Pacific American, Pacific Islander, American Indian, person from the Iberian Peninsula, or a woman; (2) a person with a disability; or (3) a nonprofit corporation run (at least 51%) by a person in one of the above-listed minority groups.

“Small contractors” are contractors, subcontractors, manufacturers, or service companies that (1) have owned and operated their businesses in the state for at least one year immediately before applying for

certification by the Department of Administrative Services (DAS); (2) grossed less than \$10 million in the most recent year before submitting the application; and (3) are primarily owned (at least 51%) by someone with authority over daily operations, management, and policies and who receives beneficial interests.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 33 Nay 14