



General Assembly

Bill No. 702

February Session, 2006

LCO No. 4418

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Referred to Committee on No Committee

Introduced by:

SEN. WILLIAMS, 29th Dist.

REP. AMANN, 118th Dist.

AN ACT CONCERNING JOBS FOR THE TWENTY-FIRST CENTURY.

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

1 Section 1. (NEW) (*Effective July 1, 2006*) (a) The Board of Trustees of
2 The University of Connecticut shall develop a program to facilitate the
3 recruitment of eminent faculty and their research staffs to the
4 university. Such program shall support economic development in the
5 state and promote core competency areas by accelerating the pace of
6 applied research and development. Such program shall supplement
7 the compensation of such faculty and related costs of personnel and
8 materials needed to secure such faculty for the university. Eligibility
9 shall be limited to scientists who have demonstrated excellence in their
10 field of research and have an interest in working collaboratively with
11 other scientists at the university and an interest in commercialization
12 of their research.

13 (b) No funds shall be expended under this section unless there are
14 matching funds from industry or other sources available for such
15 purposes identified in subsection (a) of this section.

16 Sec. 2. (NEW) (*Effective July 1, 2006*) The University of Connecticut
17 shall establish a Center for Entrepreneurship. The purpose of the
18 center shall be to train the next generation of entrepreneurs in an
19 experiential manner that would assist businesses in the state today.
20 This center shall (1) develop an entrepreneurial program that trains
21 faculty and student inventors in commercialization and business issues
22 and that generates business opportunities; (2) expand the accelerator
23 program of the school of business to provide innovation services to
24 technology-based companies using a proven model of faculty and
25 students working with companies on real time solutions to the
26 company's business problems; and (3) establish an intellectual
27 property law clinic, in conjunction with the law school. The accelerator
28 program and the law clinic shall be located with the Connecticut
29 Center for Advanced Technology in the Hartford area to leverage
30 resources.

31 Sec. 3. Section 32-34 of the general statutes is amended by adding
32 subdivisions (18) to (22), inclusive, as follows (*Effective July 1, 2006*):

33 (NEW) (18) "Preseed financing" means financial aid provided for
34 research and formulation of a concept;

35 (NEW) (19) "Seed financing" means financial aid to an inventor or
36 entrepreneur to assess the viability of a concept and to qualify for start-
37 up financing to fund, including, but not limited to, product
38 development, market research, management team building and,
39 pending successful progress on such initial steps, business plan
40 development;

41 (NEW) (20) "Start-up financing" means financial aid to companies in
42 the process of organizing as a business or that have been in operation
43 for less than one year and (A) have completed product development
44 and initial marketing but have not sold such product commercially,
45 and (B) have established viability by performing market studies,
46 assembling key management, developing a business plan or
47 demonstrating viability by other means deemed appropriate by the

48 grantor;

49 (NEW) (21) "Early or first-stage financing" means financial aid to
50 companies that have expended initial capital, developed and market-
51 tested prototypes, and demonstrate that such funds are necessary to
52 initiate full-scale manufacturing and sales;

53 (NEW) (22) "Expansion financing" means financial aid to companies
54 for market expansion or to enhance the fiscal position of a company in
55 preceding a liquidity event including, but not limited to, an initial
56 public offering or acquisition.

57 Sec. 4. (NEW) (*Effective July 1, 2006*) (a) There is established an early-
58 stage venture capital program to be administered by Connecticut
59 Innovations, Incorporated, to provide preseed financing, seed
60 financing, start-up financing, early or first-stage financing and
61 expansion financing to companies in the state.

62 (b) In support of the program established in subsection (a) of this
63 section, the corporation shall establish criteria for awarding such
64 financing and shall develop and implement a plan to market the
65 program.

66 (c) The board of the corporation shall review and approve each
67 application for such financing.

68 (d) Funds provided for this section shall be allocated as follows: (1)
69 Not less than five per cent for preseed financing; (2) not less than ten
70 per cent for seed financing; (3) not less than ten per cent for start-up
71 financing; (4) not less than fifteen per cent for early or first stage
72 financing; and (5) not less than forty per cent and not more than sixty
73 per cent on expansion financing, as such terms are defined in section
74 32-34 of the general statutes, as amended by this act. The corporation
75 shall use not more than three per cent of such funds for administration
76 and marketing of such financial aid.

77 (e) The corporation shall adopt procedures, pursuant to section 1-

78 121 of the general statutes, to implement the provisions of this section.

79 Sec. 5. (NEW) (*Effective July 1, 2006*) (a) For purposes of this section,
80 "incubator facilities" shall have the same meaning as incubator facilities
81 in section 32-34 of the general statutes, as amended by this act.

82 (b) The Commissioner of Economic and Community Development
83 shall establish the small business incubator program to provide grants
84 to entities operating incubator facilities, as defined in section 32-34 of
85 the general statutes, as amended by this act. Such grants shall be used
86 by such entities to provide operating funds and related services,
87 including business plan preparation, assistance in acquiring financing
88 and management counseling.

89 (c) An entity shall submit an application for a grant pursuant to this
90 section to the commissioner, at such time and in such manner as the
91 commissioner shall prescribe in regulations adopted pursuant to
92 subsection (d) of this section.

93 (d) The commissioner shall adopt regulations, in accordance with
94 the provisions of chapter 54 of the general statutes, to implement the
95 small business incubator program established pursuant to this section.
96 Such regulations shall include (1) a description of entities eligible for
97 grants under such program, (2) a description of allowable expenditures
98 for such grants, (3) definitions of small businesses eligible for support
99 pursuant to such program, (4) directions regarding the form and
100 content of the application to be submitted by entities seeking grants,
101 (5) schedules for the awarding of grants, (6) standards indicating the
102 bases upon which grants shall be awarded, including (A) priorities, if
103 any, for small business incubator programs that provide certain
104 support services, (B) criteria relating to the background, experience
105 and services offered by the entity seeking a grant, and (C) any
106 limitations on the amount of grant any one entity may receive in one
107 funding cycle, and (7) such other provisions that the commissioner
108 may find necessary for the implementation of such program.

109 (e) There is established an account to be known as the small
110 business incubator account, which shall be a separate, nonlapsing
111 account within the General Fund. The account shall contain all moneys
112 required by law to be deposited in the account and shall be held
113 separate and apart from all other money, funds and accounts.
114 Investment earnings from any moneys in the account shall be credited
115 to the account and shall become part of the assets of the account. Any
116 balance remaining in the account at the end of any fiscal year shall not
117 lapse and shall be available for use for the fiscal year next succeeding.
118 The commissioner may use funds from the account to provide grants
119 pursuant to this section.

120 Sec. 6. Section 32-344 of the general statutes is repealed and the
121 following is substituted in lieu thereof (*Effective July 1, 2006*):

122 As used in this section and sections 32-345 and 32-346, as amended
123 by this act:

124 (1) "Business-led consortium" means a coalition or other group of
125 entities, related by contractual or other arrangements, that (A) includes
126 at least one Connecticut business and may include other businesses
127 and nonprofit or public institutions, and (B) is led by a business for the
128 purpose of technology development or commercialization;

129 (2) "Corporation" means Connecticut Innovations, Incorporated, as
130 created under section 32-35;

131 (3) "Small business" means a corporation, limited liability company,
132 partnership, sole proprietorship or individual, operating a business for
133 profit, which employs five hundred or fewer employees, including
134 employees employed in any subsidiary or affiliated corporation;

135 (4) "Small business innovation research program" means the federal
136 program established pursuant to the Small Business Innovation
137 Development Act of 1982 (P.L. 97-219), as amended, which provides
138 funds to small businesses to conduct innovative research which has

139 potential commercial applications;

140 (5) "Small business technology transfer program" means the federal
141 program established pursuant to the Small Business Research and
142 Development Enhancement Act of 1992 (P.L. 102-564), as amended,
143 which provides funds to small businesses that collaborate with
144 nonprofit research institutions to conduct innovative research which
145 has potential commercial applications;

146 (6) "Federal technology support program" means any program now
147 or hereafter established by the government of the United States of
148 America or any agency or instrumentality thereof, other than the small
149 business innovation research program and small business technology
150 transfer program that (A) is authorized to provide funding support for
151 projects undertaken by businesses and business-led consortia for the
152 development or commercialization of advanced technologies,
153 including without limitation technologies applied or applicable to
154 national defense, and (B) requires recipients to furnish a portion of the
155 funds necessary to carry out such activities;

156 (7) "Micro business" means a business entity, including its affiliates,
157 that (A) is independently owned and operated, and (B) employs fewer
158 than fifty full-time employees or has gross annual sales of less than
159 five million dollars.

160 Sec. 7. Section 32-345 of the general statutes is repealed and the
161 following is substituted in lieu thereof (*Effective July 1, 2006*):

162 (a) The corporation shall establish a Connecticut [technology
163 partnership] development research and economic assistance matching
164 grant program, within available appropriations and, for the purposes
165 of providing financial aid, as defined in subdivision (4) of section 32-
166 34, to assist: (1) Connecticut small businesses in conducting marketing-
167 related activities to facilitate commercialization of research projects
168 funded under the small business innovation research program or the
169 small business technology transfer program; [and] (2) business-led

170 consortia or Connecticut businesses in connection with their
171 participation in a federal technology support program; and (3) micro
172 businesses, in conducting development and research.

173 (b) Applications shall be submitted to the corporation at such times
174 and on such forms as the corporation may prescribe. Each such
175 application shall include the following: (1) The location of the principal
176 place of business of the applicant; (2) an explanation of the intended
177 use of the funding being applied for, the potential market for the end
178 product of the [technology] project and the marketing strategy; and (3)
179 such other information that the corporation deems necessary.
180 Information contained in any such application submitted to the
181 corporation under this section which is of a proprietary nature shall be
182 exempt from the provisions of subsection (a) of section 1-210, as
183 amended.

184 (c) In determining whether an applicant shall be selected for
185 funding pursuant to this section, the corporation shall consider, but
186 such consideration need not be limited to, the following factors: (1) The
187 description of the small business innovation research project, the small
188 business technology transfer project or the federally-supported
189 technology project and the potential commercial applicability of such
190 project; (2) evidence of satisfactory participation in the applicable small
191 business innovation research program, the small business technology
192 transfer program or the federal technology support program; (3) the
193 potential impact of such research project on the workforce in the
194 region where such small business is located; (4) the size of the potential
195 market, strength of the marketing strategy, and ability of the applicant
196 to execute the strategy and successfully commercialize the end
197 product; and (5) the resources and record of success of the company
198 relative to development and commercialization. Within the availability
199 of funds, the corporation may provide financial aid to eligible
200 applicants provided no business may receive more than fifty thousand
201 dollars for any single small business innovation research project or
202 small business technology transfer project. The corporation may

203 require a business to repay such assistance or pay a multiple of the
204 assistance to the corporation. All such repayments and payments shall
205 be deposited in the Connecticut technology partnership assistance
206 program revolving account established under section 32-346.

207 (d) The corporation shall establish a development, research and
208 economic assistance matching financial aid program for micro
209 businesses that have received federal funds for Phase II proposals
210 under the small business innovation research program and the small
211 business technology transfer program. Any micro business receiving
212 financial aid under this subsection shall use such financial aid for the
213 same purpose such micro business was awarded said federal funds.

214 [(d)] (e) The corporation shall adopt written procedures, in
215 accordance with the provisions of section 1-121, to carry out the
216 provisions of this section.

217 Sec. 8. (NEW) (*Effective July 1, 2006*) (a) There is established an Office
218 of the Business Advocate. The Governor, with the approval of the
219 General Assembly, shall appoint a person with knowledge of the
220 characteristics and needs of businesses and the resources provided by
221 state, federal, quasi-governmental and other organizations that are
222 available to businesses. Such person shall be qualified by training and
223 experience to perform the duties of the office as set forth in this section.
224 The person appointed the Business Advocate shall serve for a term of
225 four years and may be reappointed or shall continue to hold office
226 until such person's successor is appointed and qualified, or until
227 removed as provided in section 16-5 of the general statutes.

228 (b) The Office of the Business Advocate shall be in the Office of
229 Policy and Management for administrative purposes only.

230 (c) The Business Advocate may, within available funds, appoint
231 such staff as may be deemed necessary. The duties of the staff may
232 include the duties and powers of the Business Advocate if performed
233 under the direction of the Business Advocate.

234 (d) The General Assembly may annually appropriate such sums as
235 necessary for the payment of the salaries of the staff and for the
236 payment of office expenses and other actual expenses incurred by the
237 Business Advocate in the performance of such advocate's duties.

238 (e) The Business Advocate shall annually submit to the Governor
239 and the chairpersons of the joint standing committees of the General
240 Assembly having cognizance of matters relating to commerce and
241 finance, revenue and bonding, in accordance with the provisions of
242 section 11-4a of the general statutes, a detailed report analyzing the
243 work of the Office of the Business Advocate, including a list of
244 businesses and the services provided to them by such office.

245 (f) The Business Advocate shall (1) serve as an information
246 clearinghouse for various public and private programs available to
247 assist businesses, and (2) identify specific micro businesses, as defined
248 in section 32-344 of the general statutes, as amended by this act, whose
249 growth and success could benefit from state or private assistance and
250 contact such small businesses in order to (A) identify their needs, (B)
251 provide information about public and private programs for meeting
252 such needs, including, but not limited to, technical assistance, job
253 training and financial assistance, and (C) arrange for the provision of
254 such assistance to such businesses.

255 Sec. 9. Section 12-81 of the 2006 supplement to the general statutes is
256 amended by adding subdivision (76) as follows (*Effective July 1, 2006*):

257 (NEW) (76) Effective for assessment years commencing on or after
258 October 1, 2011, new machinery and equipment or newly-acquired
259 machinery and equipment, including machinery and equipment used
260 in connection with biotechnology. For purposes of this subdivision,
261 "machinery" and "equipment", and "biotechnology" shall have the
262 same meaning as in subdivision (72) of this section, as amended by this
263 act. Any person claiming the exemption provided under this
264 subdivision shall not be eligible to claim the exemption provided
265 under subdivision (60) or (70) of this section for the same machinery

266 and equipment.

267 Sec. 10. Subparagraph (A) of subdivision (72) of section 12-81 of the
268 2006 supplement to the general statutes is repealed and the following
269 is substituted in lieu thereof (*Effective July 1, 2006, and applicable to*
270 *assessment years commencing on or after October 1, 2006*):

271 (72) (A) Effective for assessment years commencing on or after
272 October 1, 2002, but prior to assessment years commencing on or after
273 October 1, 2011, new machinery and equipment, as defined in this
274 subdivision, acquired after October 1, 1990, and prior to October 1,
275 2011, and newly-acquired machinery and equipment, as defined in this
276 subdivision, acquired on or after July 1, 1992, and prior to October 1,
277 2011, by the person claiming exemption under this subdivision,
278 provided this exemption shall only be applicable in the five full
279 assessment years following the assessment year in which such
280 machinery or equipment is acquired, subject to the provisions of
281 subparagraph (B) of this subdivision. Machinery and equipment
282 acquired on or after July 1, 1996, and prior to October 1, 2011, and used
283 in connection with biotechnology shall qualify for the exemption
284 under this subsection. For the purposes of this subdivision: (i)
285 "Machinery" and "equipment" means tangible personal property which
286 is installed in a manufacturing facility and claimed on the owner's
287 federal income tax return as either five-year property or seven-year
288 property, as those terms are defined in Section 168(e) of the Internal
289 Revenue Code of 1986, or any subsequent corresponding internal
290 revenue code of the United States, as from time to time amended, and
291 the predominant use of which is for manufacturing, processing or
292 fabricating; for research and development, including experimental or
293 laboratory research and development, design or engineering directly
294 related to manufacturing; for the significant servicing, overhauling or
295 rebuilding of machinery and equipment for industrial use or the
296 significant overhauling or rebuilding of other products on a factory
297 basis; for measuring or testing or for metal finishing; or used in the
298 production of motion pictures, video and sound recordings.

299 "Machinery" means the basic machine itself, including all of its
300 component parts and contrivances such as belts, pulleys, shafts,
301 moving parts, operating structures and all equipment or devices used
302 or required to control, regulate or operate the machinery, including,
303 without limitation, computers and data processing equipment,
304 together with all replacement and repair parts therefor, whether
305 purchased separately or in conjunction with a complete machine, and
306 regardless of whether the machine or component parts thereof are
307 assembled by the taxpayer or another party. "Equipment" means any
308 device separate from machinery but essential to a manufacturing,
309 processing or fabricating process. (ii) "Manufacturing facility" means
310 that portion of a plant, building or other real property improvement
311 used for manufacturing, processing or fabricating, for research and
312 development, including experimental or laboratory research and
313 development, design or engineering directly related to manufacturing,
314 for the significant servicing, overhauling or rebuilding of machinery
315 and equipment for industrial use or the significant overhauling or
316 rebuilding of other products on a factory basis, for measuring or
317 testing or for metal finishing. (iii) "Manufacturing" means the activity
318 of converting or conditioning tangible personal property by changing
319 the form, composition, quality or character of the property for ultimate
320 sale at retail or use in the manufacturing of a product to be ultimately
321 sold at retail. Changing the quality of property shall include any
322 substantial overhaul of the property that results in a significantly
323 greater service life than such property would have had in the absence
324 of such overhaul or with significantly greater functionality within the
325 original service life of the property, beyond merely restoring the
326 original functionality for the balance of the original service life. (iv)
327 "Fabricating" means to make, build, create, produce or assemble
328 components or tangible personal property work in a new or different
329 manner, but does not include the presorting, sorting, coding, folding,
330 stuffing or delivery of direct or indirect mail distribution services. (v)
331 "Processing" means the physical application of the materials and labor
332 in a manufacturing process necessary to modify or change the

333 characteristics of tangible personal property. (vi) "Measuring or
334 testing" includes both nondestructive and destructive measuring or
335 testing, and the alignment and calibration of machinery, equipment
336 and tools, in the furtherance of the manufacturing, processing or
337 fabricating of tangible personal property. (vii) "Biotechnology" means
338 the application of technologies, including recombinant DNA
339 techniques, biochemistry, molecular and cellular biology, genetics and
340 genetic engineering, biological cell fusion techniques, and new
341 bioprocesses, using living organisms, or parts of organisms, to produce
342 or modify products, to improve plants or animals, to develop
343 microorganisms for specific uses, to identify targets for small molecule
344 pharmaceutical development, or to transform biological systems into
345 useful processes and products.

346 Sec. 11. Section 12-63 of the general statutes is repealed and the
347 following is substituted in lieu thereof (*Effective July 1, 2006*):

348 (a) (1) The present true and actual value of land classified as farm
349 land pursuant to section 12-107c, as amended, as forest land pursuant
350 to section 12-107d, as amended, or as open space land pursuant to
351 section 12-107e, as amended, shall be based upon its current use
352 without regard to neighborhood land use of a more intensive nature,
353 provided in no event shall the present true and actual value of open
354 space land be less than it would be if such open space land comprised
355 a part of a tract or tracts of land classified as farm land pursuant to
356 section 12-107c, as amended. The present true and actual value of all
357 other property shall be deemed by all assessors and boards of
358 assessment appeals to be the fair market value thereof and not its value
359 at a forced or auction sale.

360 (2) The following schedule of depreciation shall be applicable with
361 respect to machinery and equipment used in the manufacturing
362 process:

T1		<u>Depreciated Value</u>
T2	<u>Assessment Year</u>	<u>As Percentage</u>
T3	<u>Following Acquisition</u>	<u>Of Acquisition Cost Basis</u>
T4	<u>First year</u>	<u>Ninety per cent</u>
T5	<u>Second year</u>	<u>Eighty per cent</u>
T6	<u>Third year</u>	<u>Seventy per cent</u>
T7	<u>Fourth year</u>	<u>Sixty per cent</u>
T8	<u>Fifth year</u>	<u>Fifty per cent</u>
T9	<u>Sixth year</u>	<u>Forty per cent</u>
T10	<u>Seventh year</u>	<u>Thirty per cent</u>
T11	<u>Eighth year and thereafter</u>	<u>Twenty per cent</u>

363 (b) (1) For the purposes of this subsection, (A) "electronic data
 364 processing equipment" means computers, printers, peripheral
 365 computer equipment, bundled software and any computer-based
 366 equipment acting as a computer, as defined in Section 168 of the
 367 Internal Revenue Code of 1986, or any subsequent corresponding
 368 internal revenue code of the United States, as from time to time
 369 amended; (B) "leased personal property" means tangible personal
 370 property which is the subject of a written or oral lease or loan on the
 371 assessment date, or any such property which has been so leased or
 372 loaned by the then current owner of such property for three or more of
 373 the twelve months preceding such assessment date; and (C) "original
 374 selling price" means the price at which tangible personal property is
 375 most frequently sold in the year that it was manufactured.

376 (2) Any municipality may, by ordinance, adopt the provisions of
 377 this subsection to be applicable for the assessment year commencing
 378 October first of the assessment year in which a revaluation of all real
 379 property required pursuant to section 12-62 is performed in such
 380 municipality, and for each assessment year thereafter. If so adopted,
 381 the present true and actual value of tangible personal property, other
 382 than motor vehicles, shall be determined in accordance with the
 383 provisions of this subsection. If such property is purchased, its true

384 and actual value shall be established in relation to the cost of its
385 acquisition, including transportation and installation, and shall reflect
386 depreciation in accordance with the schedules set forth in subdivisions
387 (3) to [(6)] (5), inclusive, of this subsection. If such property is
388 developed and produced by the owner of such property for a purpose
389 other than wholesale or retail sale or lease, its true and actual value
390 shall be established in relation to its cost of development, production
391 and installation and shall reflect depreciation in accordance with the
392 schedules provided in subdivisions (3) to [(6)] (5), inclusive, of this
393 subsection. The provisions of this subsection shall not apply to
394 property owned by a public service company, as defined in section 16-
395 1, as amended.

396 (3) The following schedule of depreciation shall be applicable with
397 respect to electronic data processing equipment:

398 (A) Group I: Computer and peripheral hardware, including, but not
399 limited to, personal computers, workstations, terminals, storage
400 devices, printers, scanners, computer peripherals and networking
401 equipment:

T12		Depreciated Value
T13	Assessment Year	As Percentage
T14	Following Acquisition	Of Acquisition Cost Basis
T15	First year	Seventy per cent
T16	Second year	Forty per cent
T17	Third year	Twenty per cent
T18	Fourth year and thereafter	Ten per cent

402 (B) Group II: Other hardware, including, but not limited to, mini-
403 frame and main-frame systems with an acquisition cost of more than
404 twenty-five thousand dollars.

T19		Depreciated Value
T20	Assessment Year	As Percentage
T21	Following Acquisition	Of Acquisition Cost Basis
T22	First year	Ninety per cent
T23	Second year	Sixty per cent
T24	Third year	Forty per cent
T25	Fourth year	Twenty per cent
T26	Fifth year and thereafter	Ten per cent

405 (4) The following schedule of depreciation shall be applicable with
406 respect to copiers, facsimile machines, medical testing equipment, and
407 any similar type of equipment that is not specifically defined as
408 electronic data processing equipment, but is considered by the assessor
409 to be technologically advanced:

T27		Depreciated Value
T28	Assessment Year	As Percentage
T29	Following Acquisition	Of Acquisition Cost Basis
T30	First year	Ninety-five per cent
T31	Second year	Eighty per cent
T32	Third year	Sixty per cent
T33	Fourth year	Forty per cent
T34	Fifth year and thereafter	Twenty per cent

410 [(5) The following schedule of depreciation shall be applicable with
411 respect to machinery and equipment used in the manufacturing
412 process:

T35		Depreciated Value
T36	Assessment Year	As Percentage
T37	Following Acquisition	Of Acquisition Cost Basis
T38	First year	Ninety per cent
T39	Second year	Eighty per cent
T40	Third year	Seventy per cent
T41	Fourth year	Sixty per cent
T42	Fifth year	Fifty per cent
T43	Sixth year	Forty per cent
T44	Seventh year	Thirty per cent
T45	Eighth year and thereafter	Twenty per cent]

413 [(6)] (5) The following schedule of depreciation shall be applicable
 414 with respect to all tangible personal property other than that described
 415 in [subdivisions (3) to (5), inclusive,] subdivision (2) of subsection (a)
 416 of this section and subdivisions (3) and (4) of this subsection:

T46		Depreciated Value
T47	Assessment Year	As Percentage
T48	Following Acquisition	Of Acquisition Cost Basis
T49	First year	Ninety-five per cent
T50	Second year	Ninety per cent
T51	Third year	Eighty per cent
T52	Fourth year	Seventy per cent
T53	Fifth year	Sixty per cent
T54	Sixth year	Fifty per cent
T55	Seventh year	Forty per cent
T56	Eighth year and thereafter	Thirty per cent

417 [(7)] (6) The present true and actual value of leased personal
 418 property shall be determined in accordance with the provisions of this

419 subdivision. Such value for any assessment year shall be established in
420 relation to the original selling price for self-manufactured property or
421 acquisition cost for acquired property and shall reflect depreciation in
422 accordance with the schedules provided in subdivisions (3) to ~~[(6)]~~ (5),
423 inclusive, of this subsection. If the assessor is unable to determine the
424 original selling price of leased personal property, the present true and
425 actual value thereof shall be its current selling price.

426 ~~[(8)]~~ (7) With respect to any personal property which is prohibited
427 by law from being sold, the present true and actual value of such
428 property shall be established with respect to such property's original
429 manufactured cost increased by a ratio the numerator of which is the
430 total proceeds from the manufacturer's salable equipment sold and the
431 denominator of which is the total cost of the manufacturer's salable
432 equipment sold. Such value shall then be depreciated in accordance
433 with the appropriate schedule in this subsection.

434 ~~[(9)]~~ (8) The schedules of depreciation set forth in subdivisions (3) to
435 ~~[(6)]~~ (5), inclusive, of this subsection shall not be used with respect to
436 videotapes, horses or other taxable livestock or electric cogenerating
437 equipment.

438 ~~[(10)]~~ (9) If the assessor determines that the value of any item of
439 personal property produced by the application of the schedules set
440 forth in this subsection does not accurately reflect the present true and
441 actual value of such item, the assessor shall adjust such value to reflect
442 the present true and actual value of such item.

443 ~~[(11)]~~ (10) Nothing in this subsection shall prevent any taxpayer
444 from appealing any assessment made pursuant to this subsection if
445 such assessment does not accurately reflect the present true and actual
446 value of any item of such taxpayer's personal property.

447 Sec. 12. Section 12-94b of the general statutes is repealed and the
448 following is substituted in lieu thereof (*Effective July 1, 2006*):

449 (a) As used in this section, "municipality" means each town, city,
450 borough, consolidated town and city and consolidated town and
451 borough and each district, as defined in section 7-324, and "next
452 succeeding" means the second such date.

453 (b) On or before March fifteenth, annually, commencing March 15,
454 1998, the assessor or board of assessors of each municipality shall
455 certify to the Secretary of the Office of Policy and Management, on a
456 form furnished by said secretary, the amount of exemptions approved
457 under the provisions of [subdivisions (72) and] subdivision (74) of
458 section 12-81, as amended, together with such supporting information
459 as said secretary may require including the number of taxpayers with
460 approved claims under said [subdivisions (72) and] subdivision (74)
461 and the original copy of the applications filed by them. Said secretary
462 shall review each such claim as provided in section 12-120b. Not later
463 than December first next succeeding the conclusion of the assessment
464 year for which the assessor approved such exemption, the secretary
465 shall notify each claimant of the modification or denial of the
466 claimant's exemption, in accordance with the procedure set forth in
467 section 12-120b. Any claimant aggrieved by the results of the
468 secretary's review shall have the rights of appeal as set forth in section
469 12-120b. With respect to property first approved for exemption under
470 the provisions of [subdivisions (72) and] subdivision (74) of section 12-
471 81, as amended, for the assessment years commencing on or after
472 October 1, 2000, the grant payable for such property to any
473 municipality under the provisions of this [section] subsection shall be
474 equal to eighty per cent of the property taxes which, except for the
475 exemption under the provisions of [subdivisions (72) and] subdivision
476 (74) of section 12-81, as amended, would have been paid. The secretary
477 shall, on or before December fifteenth, annually, certify to the
478 Comptroller the amount due each municipality under the provisions of
479 this [section] subsection, including any modification of such claim
480 made prior to December first, and the Comptroller shall draw an order
481 on the Treasurer on or before the twenty-fourth day of December
482 following and the Treasurer shall pay the amount thereof to such

483 municipality on or before the thirty-first day of December following. If
484 any modification is made as the result of the provisions of this [section]
485 subsection on or after the December fifteenth following the date on
486 which the assessor has provided the amount of the exemption in
487 question, any adjustments to the amount due to any municipality for
488 the period for which such modification was made shall be made in the
489 next payment the Treasurer shall make to such municipality pursuant
490 to this [section] subsection. The amount of the grant payable to each
491 municipality in any year in accordance with this [section] subsection
492 shall be reduced proportionately in the event that the total of such
493 grants in such year exceeds the amount appropriated for the purposes
494 of this [section] subsection with respect to such year. [As used in this
495 section, "municipality" means each town, city, borough, consolidated
496 town and city and consolidated town and borough and each district, as
497 defined in section 7-324, and "next succeeding" means the second such
498 date.]

499 (c) On or before March fifteenth, annually, commencing March 15,
500 2007, and ending March 15, 2011, the assessor or board of assessors of
501 each municipality shall certify to the Secretary of the Office of Policy
502 and Management, on a form furnished by said secretary, the amount of
503 exemptions approved under the provisions of subdivision (72) of
504 section 12-81, as amended, together with such supporting information
505 as said secretary may require including the number of taxpayers with
506 approved claims under said subdivision (72) and the original copy of
507 the applications filed by them. Said secretary shall review each such
508 claim as provided in section 12-120b. Not later than December first
509 next succeeding the conclusion of the assessment year for which the
510 assessor approved such exemption, the secretary shall notify each
511 claimant of the modification or denial of the claimant's exemption, in
512 accordance with the procedure set forth in section 12-120b. Any
513 claimant aggrieved by the results of the secretary's review shall have
514 the rights of appeal as set forth in section 12-120b. With respect to
515 property first approved for exemption under the provisions of
516 subdivision (72) of section 12-81, as amended, for the assessment years

517 commencing on or after October 1, 2000, but prior to October 1, 2010,
518 the grant payable for such property to any municipality under the
519 provisions of this subsection shall be equal to eighty per cent of the
520 property taxes which, except for the exemption under the provisions of
521 subdivision (72) of section 12-81, as amended, would have been paid.
522 The secretary shall, on or before December fifteenth, annually, certify
523 to the Comptroller the amount due each municipality under the
524 provisions of this subsection, including any modification of such claim
525 made prior to December first, and the Comptroller shall draw an order
526 on the Treasurer on or before the twenty-fourth day of December
527 following and the Treasurer shall pay the amount thereof to such
528 municipality on or before the thirty-first day of December following. If
529 any modification is made as the result of the provisions of this
530 subsection on or after the December fifteenth following the date on
531 which the assessor has provided the amount of the exemption in
532 question, any adjustments to the amount due to any municipality for
533 the period for which such modification was made shall be made in the
534 next payment the Treasurer shall make to such municipality pursuant
535 to this subsection.

536 Sec. 13. (NEW) (*Effective July 1, 2006, and applicable to assessment years*
537 *commencing on and after October 1, 2006*) (a) For purposes of this section,
538 (1) "machinery" and "equipment" shall have the same meaning as in
539 subdivision (72) of section 12-81 of the 2006 supplement to the general
540 statutes, as amended by this act, and (2) "municipality" means each
541 town, city, borough, consolidated town and city and consolidated
542 town and borough and each district, as defined in section 7-324 of the
543 general statutes.

544 (b) The state shall provide a payment to each municipality
545 representing a percentage of the property tax due on machinery and
546 equipment, when such machinery and equipment is not receiving a
547 payment in lieu of taxes pursuant to section 12-94b of the general
548 statutes, as amended by this act. The taxpayer shall continue to be
549 responsible for the remainder of the property tax. For all such

550 machinery and equipment, the state shall pay to the municipality (1)
551 for the assessment year commencing October 1, 2006, twenty per cent
552 of the property tax due, and the taxpayer shall pay eighty per cent; (2)
553 for the assessment year commencing October 1, 2007, forty per cent of
554 the property tax due, and the taxpayer shall pay sixty per cent; (3) for
555 the assessment year commencing October 1, 2008, sixty per cent of the
556 property tax due, and the taxpayer shall pay forty per cent; (4) for the
557 assessment year commencing October 1, 2009, eighty per cent of the
558 property tax due, and the taxpayer shall pay twenty per cent; and (5)
559 for the assessment year commencing October 1, 2010, one hundred per
560 cent of the property tax due.

561 (c) Municipalities receiving a payment in lieu of taxes for machinery
562 and equipment pursuant to subdivision (72) of section 12-81 of the
563 2006 supplement to the general statutes, as amended by this act, and
564 section 12-94b of the general statutes, as amended by this act, and
565 section 12-94c of the general statutes, shall continue to receive such
566 payment for five years from the date such machinery and equipment
567 became eligible to receive such payment. As such machinery and
568 equipment ceases to be eligible for such payment, the state shall pay a
569 percentage of the property tax due to the municipality, in accordance
570 with the following schedules:

571 (1) For machinery and equipment first included in a payment in lieu
572 of taxes made pursuant to section 12-94b of the general statutes, as
573 amended by this act, for assessment years commencing October 1,
574 2002, the state shall make a payment in lieu of taxes to the municipality
575 for the assessment year commencing October 1, 2006. For the
576 assessment year commencing October 1, 2007, the state shall provide a
577 payment to each municipality representing a percentage of the
578 property tax due on such machinery and equipment. The taxpayer
579 shall continue to be responsible for the remainder of the property tax.
580 The state shall pay to the municipality (A) for the assessment year
581 commencing October 1, 2007, forty per cent of the property tax due,
582 and the taxpayer shall pay sixty per cent; (B) for the assessment year

583 commencing October 1, 2008, sixty per cent of the property tax due,
584 and the taxpayer shall pay forty per cent; (C) for the assessment year
585 commencing October 1, 2009, eighty per cent of the property tax due,
586 and the taxpayer shall pay twenty per cent; and (D) for the assessment
587 year commencing October 1, 2010, one hundred per cent of the
588 property tax due.

589 (2) For machinery and equipment first included in a payment in lieu
590 of taxes made pursuant to section 12-94b of the general statutes, as
591 amended by this act, for assessment years commencing October 1,
592 2003, the state shall make a payment in lieu of taxes to the municipality
593 for the assessment years commencing October 1, 2006, and October 1,
594 2007. For the assessment year commencing October 1, 2008, the state
595 shall provide a payment to each municipality representing a
596 percentage of the property tax due on such machinery and equipment.
597 The taxpayer shall continue to be responsible for the remainder of the
598 property tax. The state shall pay to the municipality (A) for the
599 assessment year commencing October 1, 2008, sixty per cent of the
600 property tax due, and the taxpayer shall pay forty per cent; (B) for the
601 assessment year commencing October 1, 2009, eighty per cent of the
602 property tax due, and the taxpayer shall pay twenty per cent; and (C)
603 for the assessment year commencing October 1, 2010, one hundred per
604 cent of the property tax due.

605 (3) For machinery and equipment first included in a payment in lieu
606 of taxes made pursuant to section 12-94b of the general statutes, as
607 amended by this act, for assessment years commencing October 1,
608 2004, the state shall make a payment in lieu of taxes to the municipality
609 for the assessment years commencing October 1, 2006, October 1, 2007,
610 and October 1, 2008. For the assessment year commencing October 1,
611 2009, the state shall provide a payment to each municipality
612 representing a percentage of the property tax due on such machinery
613 and equipment. The taxpayer shall continue to be responsible for the
614 remainder of the property tax. The state shall pay to the town (A) for
615 the assessment year commencing October 1, 2009, eighty per cent of

616 the property tax due, and the taxpayer shall pay twenty per cent; and
617 (B) for the assessment year commencing October 1, 2010, one hundred
618 per cent of the property tax due.

619 (4) For machinery and equipment first included in a payment in lieu
620 of taxes made pursuant to section 12-94b of the general statutes, as
621 amended by this act, for assessment years commencing October 1,
622 2005, the state shall make a payment in lieu of taxes to the municipality
623 for the assessment years commencing October 1, 2006, October 1, 2007,
624 October 1, 2008, and October 1, 2009. For the assessment year
625 commencing October 1, 2010, the state shall provide a payment to each
626 municipality representing one hundred per cent of the property tax
627 due on such machinery and equipment.

628 (d) On or before November fifteenth, annually, commencing
629 November 15, 2006, the assessor or board of assessors of each
630 municipality shall certify to the Secretary of the Office of Policy and
631 Management, on a form furnished by said secretary, the amount of
632 property tax due on all machinery and equipment located in such
633 municipality that is no longer eligible for the payment in lieu of taxes
634 pursuant to section 12-94b of the general statutes, as amended by this
635 act. The depreciation schedule required pursuant to section 12-63 of
636 the general statutes, as amended by this act, shall apply to all such
637 machinery and equipment. The secretary shall, on or before thirty days
638 prior to the date such tax is due to the municipality, certify to the
639 Comptroller the amount due to each town under the provisions of this
640 section. The Comptroller shall draw an order on the Treasurer on or
641 before fourteen days prior to the date such tax is due to the
642 municipality, and the Treasurer shall pay such amount to such town
643 on or before five days prior to the date such tax is due to the
644 municipality. If for any reason any modification is made to the amount
645 of tax due, any adjustments to the tax due to any municipality for the
646 period for which such modification was made shall be made in the
647 next payment the Treasurer shall make to such municipality pursuant
648 to this section.

649 (e) All municipal valuation and enforcement procedures pursuant to
650 chapters 203, 204 and 205 of the general statutes shall continue to
651 apply to machinery and equipment covered by this section. The
652 assessment of any machinery and equipment for which a state
653 payment is being made pursuant to this section may be appealed by
654 the taxpayer in the same manner in which any taxpayer may appeal an
655 assessment to the board of assessment appeals pursuant to chapter 203
656 of the general statutes.

657 Sec. 14. (NEW) (*Effective July 1, 2006, and applicable to assessment years*
658 *commencing on or after October 1, 2006*) (a) As used in this section,
659 "machinery" and "equipment" shall have the same meaning as in
660 subdivision (72) of section 12-81, of the 2006 supplement to the general
661 statutes, as amended by this act, and "municipality" means each town,
662 city, borough, consolidated town and city and consolidated town and
663 borough and each district, as defined in section 7-324 of the general
664 statutes.

665 (b) Not later than January 1, 2013, the Secretary of the Office of
666 Policy and Management shall determine the amount due to each
667 municipality in the state, in accordance with this subsection, as a state
668 grant in lieu of taxes with respect to manufacturing machinery or
669 equipment. The grant payable to any municipality under the
670 provisions of this section in the state fiscal year commencing July 1,
671 2013, and in each fiscal year thereafter, shall be equal to one hundred
672 per cent of the property taxes which, except for the exemption
673 provided pursuant to subdivision (72) of section 12-81 of the 2006
674 supplement to the general statutes, as amended by this act, would
675 have been paid with respect to such machinery and equipment on the
676 assessment list in such municipality for the assessment year
677 commencing October 1, 2011.

678 Sec. 15. (NEW) (*Effective July 1, 2006*) (a) There is established an
679 "Engineering Connecticut" Loan Reimbursement Grant program,
680 administered by the Department of Higher Education, for persons who

681 have graduated from institutions of higher education with
682 undergraduate or graduate degrees in engineering.

683 (b) Within available appropriations, the program shall provide
684 student loan reimbursement grants for persons who (1) attended any
685 institution of higher education, (2) have been awarded an
686 undergraduate or graduate degree in engineering, and (3) are newly
687 employed in Connecticut on or after January 1, 2006, as engineers.

688 (c) Persons who qualify under subsection (b) of this section shall be
689 reimbursed on an annual basis for qualifying student loan payments in
690 amounts as determined by the Commissioner of Higher Education. A
691 person qualifying under subsection (b) of this section shall only be
692 reimbursed for loan payments made while such person is employed in
693 the state as an engineer. The Department of Higher Education shall
694 develop eligibility requirements for recipients of such reimbursements.
695 Such requirements may include income guidelines. Persons may apply
696 for grants to the Department of Higher Education at such time and in
697 such manner as the Commissioner of Higher Education prescribes.

698 (d) Any unexpended funds appropriated for purposes of this
699 section shall not lapse at the end of the fiscal year but shall be available
700 for expenditure during the next fiscal year.

701 (e) The Department of Higher Education may use up to two per cent
702 of the funds appropriated for purposes of this section for program
703 administration, promotion and recruitment activities.

704 Sec. 16. (NEW) (*Effective July 1, 2006*) (a) There is established a "You
705 Belong" Loan Reimbursement Grant program, administered by the
706 Department of Higher Education, for graduates of doctoral programs
707 who are employed in Connecticut in economically valuable fields.

708 (b) Within available appropriations, the program shall provide
709 student loan reimbursement grants for persons who (1) have been
710 awarded a doctoral degree from any institution of higher education,

711 and (2) are newly employed in Connecticut in an economically
712 valuable field, as determined by the Department of Economic and
713 Community Development, on or after January 1, 2006, by a company
714 or an institution of higher education that has registered with or
715 otherwise been qualified under the program by the Department of
716 Economic and Community Development.

717 (c) Persons who qualify under subsection (b) of this section shall
718 receive reimbursement grants on an annual basis for qualifying
719 student loan payments in amounts as determined by the
720 Commissioner of Higher Education. A person qualifying under
721 subsection (b) of this section shall only be reimbursed for loan
722 payments made while such person is employed in Connecticut by a
723 qualifying company or in research at an institution of higher education
724 in an economically valuable field. The Department of Higher
725 Education shall develop eligibility requirements for recipients of such
726 reimbursement grants in consultation with the Department of
727 Economic and Community Development. Such requirements may
728 include income guidelines. Persons may apply for grants to the
729 Department of Higher Education at such time and in such manner as
730 the Commissioner of Higher Education prescribes.

731 (d) Any unexpended funds appropriated for purposes of this
732 section shall not lapse at the end of the fiscal year but shall be available
733 for expenditure during the next fiscal year.

734 (e) The Department of Higher Education may use up to two per cent
735 of the funds appropriated for purposes of this section for program
736 administration, promotion and recruitment activities.

737 Sec. 17. (NEW) (*Effective July 1, 2006*) The Department of Education
738 shall establish, within available appropriations, a high school
739 mathematics and science challenge pilot program, which uses student
740 performance results for mathematics and science on the state-wide
741 tenth grade mastery examination given in accordance with the
742 provisions of section 10-14n of the 2006 supplement to the general

743 statutes, to design and implement mathematics and science curricula
744 for students in the eleventh grade in the public high schools, including
745 regional vocational-technical schools. For purposes of the program, the
746 Commissioner of Education may award grants to local and regional
747 boards of education and regional vocational-technical schools for
748 demonstration projects. Local and regional boards of education and
749 regional vocational-technical schools seeking to participate in the pilot
750 program shall apply to the department at such time and in such
751 manner as the commissioner prescribes. The commissioner shall select
752 a diverse group of participants based on the population, geographic
753 location and economic characteristics of the school district or regional
754 vocational-technical school. Local and regional board of educations
755 and regional vocational-technical schools awarded grants under the
756 program shall use grant funds for expenses for developing and
757 implementing an instructional program in the mathematics and
758 science subject areas targeting students who did not meet or exceed the
759 level of proficiency in mathematics or science on such state-wide tenth
760 grade mastery examination, and conduct an evaluation of the
761 program, including an analysis of student testing performance before
762 and after participation in the program.

763 Sec. 18. (NEW) (*Effective July 1, 2006*) The Department of Education
764 shall establish, within available appropriations, a "Generation Next"
765 pilot program to provide industry-based job shadowing and internship
766 experiences to high school students and externship experiences to
767 teachers in the public schools, including the regional vocational-
768 technical schools. The Commissioner of Education, for purposes of the
769 program, may award grants to local and regional boards of education,
770 regional vocational-technical schools or state-wide or local business
771 associations, in partnership with such boards of education or schools,
772 for demonstration projects. Boards of education, vocational-technical
773 schools or business associations seeking to participate in the pilot
774 program shall apply to the department at such time and in such form
775 as the commissioner prescribes. The commissioner shall select a
776 diverse group of participants based on the population, geographic

777 location and economic characteristics of the school district or school.
778 Local and regional boards of education, regional vocational-technical
779 schools or business associations awarded grants under the program
780 shall use grant funds for developing and implementing a coordinated
781 high school level teacher externship and student job shadowing and
782 internship program with science or mathematics or with technology
783 intensive businesses in the state.

784 Sec. 19. (NEW) (*Effective July 1, 2006*) The Department of Education
785 shall establish, within available appropriations, a "Future Scholars"
786 pilot matching grant program for public schools participating in
787 externally funded programs that provide supplemental mathematics
788 and science programming and instruction to students in grades eight
789 to ten, inclusive, who scored above the level of basic and below the
790 level of proficiency on the mastery examinations given during the
791 previous year in accordance with the provisions of section 10-14n of
792 the 2006 supplement to the general statutes. The Commissioner of
793 Education, for purposes of the program, may award grants to local and
794 regional boards of education and regional vocational-technical schools
795 for demonstration projects. Boards of education and vocational-
796 technical schools seeking to participate in the pilot program shall
797 apply to the department at such time and in such form as the
798 commissioner prescribes. The commissioner shall select participants
799 based on the quality of proposed programs and evidence of
800 commitment by businesses supporting the project. Local and regional
801 boards of education and regional vocational-technical schools awarded
802 grants under the program shall use grant funds for development and
803 implementation of an interdisciplinary mathematics, science and
804 technology curriculum, including the establishment and staffing of
805 mathematics and science laboratories, in middle and high schools that
806 have demonstrated support and involvement by local or state-wide
807 mathematics, science or technology intensive businesses in the state.

808 Sec. 20. (NEW) (*Effective July 1, 2006, and applicable to income years*
809 *commencing on or after January 1, 2006*) (a) As used in this section:

810 (1) "Commissioner" means the Commissioner of Revenue Services.

811 (2) "Commission" means the Connecticut Commission on Culture
812 and Tourism.

813 (3) "Qualified production" means the process of producing any type
814 of entertainment content which shall include motion pictures;
815 documentaries; long-form, specials, mini-series, series, music videos
816 and interstitials television programming; interactive television;
817 interactive games; videogames; commercials; infomercials; any format
818 of digital media created primarily for distribution or exhibition to the
819 general public; and any trailer, pilot, video teaser or demo created
820 primarily to stimulate the sale, marketing, promotion or exploitation of
821 future investment in either a product or a qualified production via any
822 means and media in any digital media format, film or videotape,
823 provided such program meets all the underlying criteria of a qualified
824 production. "Qualified production" shall not include (A) any ongoing
825 program created primarily as news, weather or financial market
826 reports, except for an initial pilot, demo or prototype presentation or
827 informational series programming relating to any qualified
828 production, or (B) any production containing obscene material or
829 performances for which records are required to be maintained with
830 respect to any performer in such production pursuant to 18 USC 2257.

831 (4) "Eligible production company" means a corporation, partnership,
832 limited liability company, or other business entity engaged in the
833 business of producing qualified productions on a one-time or ongoing
834 basis, and qualified by the Secretary of the State to engage in business
835 in the state.

836 (5) "Production expenses or costs" means all cash expenditures
837 clearly and demonstrably incurred in the state in the development,
838 preproduction, production or postproduction costs of a qualified
839 production, including:

840 (A) Expenditures for optioning or purchase of any intellectual

841 property including, but not limited to, books, scripts, music or
842 trademarks relating to the development or purchase of a script,
843 screenplay or format, provided (i) the holder of the intellectual
844 property is either a company authorized to do business in the state or
845 an individual who is a resident of the state, (ii) seventy-five per cent of
846 the qualified production based on such intellectual property is
847 produced in the state, and (iii) the production expenses or costs for
848 such optioning or purchase are less than thirty-five per cent of the
849 actual cash expenditures within the budget allocated for the
850 production of the qualified production in the state. Such expenses or
851 costs shall include all expenditures generally associated with the
852 optioning or purchase of intellectual property, including option
853 money, agent fees and attorney fees relating to the transaction, but
854 shall not include any and all deferrals, deferments, royalties, profit
855 participation or recourse or nonrecourse loans which the eligible
856 production company may negotiate in order to obtain the rights to the
857 intellectual property;

858 (B) Expenditures in the form of either compensation or purchases
859 paid directly to individuals or companies authorized to do business in
860 the state, including production work, production equipment,
861 production software, postproduction work, postproduction
862 equipment, postproduction software, set design, set construction,
863 props, lighting, wardrobe, makeup, makeup accessories, special
864 effects, visual effects, audio effects, film processing, music, sound
865 mixing, editing, location fees, soundstages and any and all other costs
866 or services directly incurred in the state in connection with a state-
867 certified qualified production;

868 (C) Expenditures for distribution, including preproduction,
869 production or postproduction costs relating to the creation of trailers,
870 marketing videos, commercials, point-of-purchase videos and any and
871 all content created on film or digital media, including the duplication
872 of films, videos, CDs, DVDs and any and all digital files now in
873 existence and those yet to be created for mass consumer consumption;

874 the purchase, by a company in the state, of any and all equipment
875 relating to the duplication or mass market distribution of any content
876 from within the state by any digital media format which is now in use
877 and those formats yet to be created for mass consumer consumption;

878 (D) Any other production expense or cost as may be determined by
879 the commission; and

880 (E) "Production expenses or costs" does not include the following:
881 (A) The amount of compensation to a single employee or independent
882 contractor that is over one million dollars; (B) media buys, promotional
883 events or gifts or public relations associated with the promotion or
884 marketing of any qualified production; (C) deferred, leveraged or
885 profit participation costs relating to any and all personnel associated
886 with any and all aspects of the production, including, but not limited
887 to, producer fees, director fees, talent fees and writer fees; (D) costs
888 relating to the transfer of the production tax credits; and (E) any
889 amounts paid to persons or businesses as a result of their participation
890 in profits from the exploitation of the qualified production.

891 (6) "State-certified qualified production" means a qualified
892 production produced by an eligible production company that (A) is in
893 compliance with regulations adopted pursuant to subsection (f) of this
894 section, (B) is authorized to conduct business in this state, and (C) has
895 been approved by the commission as qualifying for a production tax
896 credit under this section.

897 (b) The Connecticut Commission on Culture and Tourism shall
898 allow an eligible production company producing a qualified
899 production in Connecticut to receive a production tax credit against
900 the tax imposed under chapter 208 of the general statutes as follows:
901 (1) For a qualified production incurring fifty thousand dollars to one
902 million dollars, inclusive, of production expenses or costs, a credit of
903 twenty-five per cent of such costs, and (2) for a qualified production
904 incurring over one million dollars of production expenses or costs, a
905 credit of thirty per cent of such costs. Any credit allowed pursuant to

906 this subsection shall be applied within three years of issuance and may
907 be sold, assigned or otherwise transferred, in whole or in part, to one
908 or more taxpayers.

909 (c) The Connecticut Commission on Culture and Tourism shall
910 allow an eligible production company producing a qualified
911 production in Connecticut to receive a wage tax credit against the tax
912 imposed under chapter 208 of the general statutes as follows: For a
913 qualified production, a credit equal to twenty-five per cent of the
914 compensation paid to Connecticut resident employees and
915 independent contractors for services rendered in connection with a
916 qualified production. Any wage tax credit allowed under this
917 subsection shall be nonrefundable, nontransferable, may be carried
918 forward for a period of three years from the date such credit is
919 authorized, and may not exceed the tax liability of the eligible
920 production company in the year in which such credit is applied.

921 (d) (1) An eligible production company shall apply to the
922 commission for an eligibility certificate not later than ninety days after
923 the first production expenses or costs are incurred in the production of
924 a qualified production, and shall provide with such application such
925 information as the commission may require to determine such
926 company's eligibility to claim a credit under this section.

927 (2) Not later than ninety days after the last production expenses or
928 costs are incurred in the production of a qualified production, an
929 eligible production company shall apply to the commission for a
930 production or wage tax credit certificate, and shall provide with such
931 application such information as the commission may require
932 pertaining to the amount of the company's production expenses or
933 costs. If the commission determines that the company is eligible to be
934 issued a production or wage tax credit certificate, the commission shall
935 enter on the certificate the amount of production expenses or costs or
936 wages that has been established to the satisfaction of the commission,
937 and the amount of the company's credit or credits under this section.

938 The commission shall provide a copy of such certificate to the
 939 commissioner, upon request.

940 (e) The production or wage tax credit allowed under this section
 941 shall be against the actual tax imposed under chapter 208 of the
 942 general statutes for the income year in which final certification for the
 943 state-certified qualified production is made by the commission
 944 pursuant to this section. Any such credit not applied in any year may
 945 be carried forward and used to offset income tax in the succeeding
 946 three years, except where otherwise noted. Any production or wage
 947 tax credit allowed under this section shall not be used to reduce any
 948 taxpayer's liability to less than zero.

949 (f) The commissioner, in consultation with the commission, may
 950 adopt regulations, in accordance with the provisions of chapter 54 of
 951 the general statutes, as may be necessary for the administration of this
 952 section.

953 Sec. 21. (*Effective July 1, 2006*) Any funds appropriated to the Labor
 954 Department for incumbent worker training programs shall be
 955 administered by regional workforce development boards.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	New section
Sec. 2	<i>July 1, 2006</i>	New section
Sec. 3	<i>July 1, 2006</i>	32-34
Sec. 4	<i>July 1, 2006</i>	New section
Sec. 5	<i>July 1, 2006</i>	New section
Sec. 6	<i>July 1, 2006</i>	32-344
Sec. 7	<i>July 1, 2006</i>	32-345
Sec. 8	<i>July 1, 2006</i>	New section
Sec. 9	<i>July 1, 2006</i>	12-81
Sec. 10	<i>July 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	12-81(72)(A)

Sec. 11	<i>July 1, 2006</i>	12-63
Sec. 12	<i>July 1, 2006</i>	12-94b
Sec. 13	<i>July 1, 2006, and applicable to assessment years commencing on and after October 1, 2006</i>	New section
Sec. 14	<i>July 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	New section
Sec. 15	<i>July 1, 2006</i>	New section
Sec. 16	<i>July 1, 2006</i>	New section
Sec. 17	<i>July 1, 2006</i>	New section
Sec. 18	<i>July 1, 2006</i>	New section
Sec. 19	<i>July 1, 2006</i>	New section
Sec. 20	<i>July 1, 2006, and applicable to income years commencing on or after January 1, 2006</i>	New section
Sec. 21	<i>July 1, 2006</i>	New section