



# Senate

General Assembly

**File No. 582**

*January Session, 2007*

Substitute Senate Bill No. 1436

*Senate, April 25, 2007*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING A TAX CREDIT FOR HIGH TECHNOLOGY MANUFACTURING COMPANIES.***

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

1 Section 1. Section 12-217v of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2007, and*  
3 *applicable to income years commencing on or after January 1, 2007*):

4 (a) As used in this section, "qualifying corporation" means (1) a  
5 corporation which is created on or after January 1, 1997, in an  
6 enterprise zone and which either [(1)] (A) has at least three hundred  
7 seventy-five employees, at least forty per cent of whom [(A)] (i) are  
8 residents of the enterprise zone or the municipality in which the  
9 enterprise zone is located, and [(B)] (ii) qualify under the Job Training  
10 Partnership Act, or [(2)] (B) has less than three hundred seventy-five  
11 employees, at least one hundred fifty employees of whom [(A)] (i) are  
12 residents of the enterprise zone or the municipality in which the  
13 enterprise zone is located, and [(B)] (ii) qualify under the Job Training

14 Partnership Act, or (2) a manufacturer of trading systems that is  
 15 located in this state and that employs not less than three hundred  
 16 persons. For purposes of this subdivision, "trading systems" means  
 17 telecommunication devices used by financial trading firms.

18 (b) There shall be allowed as a credit against the tax imposed on any  
 19 qualifying corporation under this chapter [which is created on or after  
 20 January 1, 1997, in an enterprise zone,] in an amount equal to (1) one  
 21 hundred per cent of the tax liability of the qualifying corporation  
 22 under [said] this chapter with respect to the first three taxable years of  
 23 the corporation that follow the year in which such corporation became  
 24 a qualifying corporation, and (2) fifty per cent of the tax liability of the  
 25 qualifying corporation under this chapter with respect to the next  
 26 seven taxable years of the qualifying corporation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-217v

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**Statement of Legislative Commissioners:**

In section 1, a definition of "trading systems" was added for clarity.

**FIN**            *Joint Favorable Subst.-LCO*

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 chamber thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Revenue Services	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill is expected to result in a General Fund revenue loss of approximately: (1) \$200,000 per year in years 1 to 3 of the credit cycle and (2) \$100,000 per year for years 4 to 10 of the credit cycle.

The first year that credits are anticipated to be claimed is FY 10.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 1436*****AN ACT CONCERNING A TAX CREDIT FOR HIGH TECHNOLOGY MANUFACTURING COMPANIES.*****SUMMARY:**

This bill extends a 10-year corporation tax credit currently available only to qualifying companies located in enterprise zones to any company that manufactures trading systems if it (1) is located in Connecticut and (2) employs at least 300 people. The credit is 100% of a qualifying company's corporation tax liability for the first three tax years after it qualifies and 50% of that liability for the next seven years. The bill defines "trading systems" as telecommunications devices used by financial trading firms.

Under current law, to qualify for the credit, a company must be created in an enterprise zone on or after January 1, 1997 and have either:

1. 375 or more employees, of whom at least 40% are (a) residents of either the enterprise zone or the town where the zone is located and (b) qualify for federal job training assistance, or
2. fewer than 375 employees, at least 150 of whom meet the above criteria.

EFFECTIVE DATE: July 1, 2007 and applicable to income years starting on or after January 1, 2007.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 43    Nay 8    (04/05/2007)