



General Assembly

January Session, 2007

**Raised Bill No. 1367**

LCO No. 4995

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Referred to Committee on Commerce

Introduced by:

(CE)

**AN ACT CONCERNING INCENTIVES FOR INCREASING RESEARCH  
AND DEVELOPMENT AT BIOTECHNOLOGY COMPANIES.**

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

1 Section 1. (NEW) (*Effective July 1, 2007, and applicable to income years*  
2 *commencing on or after January 1, 2007*) (a) For purposes of this section:

3 (1) "Biotechnology company" means a company engaged in the  
4 business of applying technologies, such as recombinant DNA  
5 techniques, biochemistry, molecular and cellular biology, genetics and  
6 genetic engineering, biological cell fusion techniques and new  
7 bioprocesses, using living organisms, or parts of organisms, to produce  
8 or modify products, to improve plants or animals, to develop  
9 microorganisms for specific uses, to identify targets for small molecule  
10 pharmaceutical development or to transform biological systems into  
11 useful processes and products;

12 (2) "Commissioner" means the Commissioner of Economic and  
13 Community Development;

14 (3) "New employee" means a person hired by a biotechnology

15 company to fill a new full-time job primarily devoted to engaging in  
16 research and development; "new employee" does not include any  
17 person employed primarily to perform administrative tasks, or any  
18 person who was employed in Connecticut by a related person with  
19 respect to the biotechnology company during the prior twelve months;

20 (4) "New job" means a full-time job which (A) did not exist in this  
21 state prior to a biotechnology company's application to the  
22 commissioner for a research and development job creation incentive,  
23 and (B) is filled by a new employee;

24 (5) "Full-time job" means a job in which an employee is required to  
25 work at least thirty-five or more hours per week. A full-time job does  
26 not include a temporary or seasonal job;

27 (6) "Related person" means (A) a corporation, limited liability  
28 company, partnership, association or trust controlled by the  
29 biotechnology company, (B) an individual, corporation, limited  
30 liability company, partnership, association or trust that is in control of  
31 the biotechnology company, (C) a corporation, limited liability  
32 company, partnership, association or trust controlled by an individual,  
33 corporation, limited liability company, partnership, association or trust  
34 that is in control of the biotechnology company, or (D) a member of the  
35 same controlled group as the biotechnology company; and

36 (7) "Control", with respect to a corporation, means ownership,  
37 directly or indirectly, of stock possessing fifty per cent or more of the  
38 total combined voting power of all classes of the stock of such  
39 corporation entitled to vote. "Control", with respect to a trust, means  
40 ownership, directly or indirectly, of fifty per cent or more of the  
41 beneficial interest in the principal or income of such trust. The  
42 ownership of stock in a corporation, of a capital or profits interest in a  
43 partnership, limited liability company or association or of a beneficial  
44 interest in a trust shall be determined in accordance with the rules for  
45 constructive ownership of stock provided in Section 267(c) of the  
46 Internal Revenue Code of 1986, or any subsequent corresponding

47 internal revenue code of the United States, as from time to time  
48 amended, other than paragraph (3) of said Section 267(c).

49 (b) (1) There is established a research and development jobs creation  
50 incentive program whereby a biotechnology company that hires a new  
51 employee for research and development may receive an amount equal  
52 to fifty per cent of the income tax deducted and withheld from the  
53 wages of new employees and paid over to the state pursuant to  
54 chapter 229 of the general statutes.

55 (2) For each new employee, the incentive payment may be granted  
56 for three successive years.

57 (c) Any biotechnology company may apply to the commissioner in  
58 accordance with the provisions of this section. The application shall be  
59 on a form provided by the commissioner, and shall contain sufficient  
60 information including a detailed description of the type of business,  
61 the duties assigned to the new employee and such other information as  
62 the commissioner may require. The commissioner shall determine  
63 whether the biotechnology company making the application is eligible  
64 for the incentive payment. The commissioner may impose a fee for  
65 such application as the commissioner deems appropriate.

66 (d) (1) The commissioner, upon consideration of the application and  
67 any additional information the commissioner requires concerning a  
68 proposed new employee, may approve the incentive payment  
69 application. If the commissioner disapproves an application, the  
70 commissioner shall specifically identify the defects in the application  
71 and specifically explain the reasons for the disapproval. The  
72 commissioner shall render a decision on an application not later than  
73 ninety days after the date of its receipt by the commissioner.

74 (2) The total amount of incentive payments granted to all  
75 biotechnology companies shall not exceed five million dollars in any  
76 one fiscal year.

77 (3) The commissioner may combine approval of an incentive  
78 payment with the exercise of any of the commissioner's other powers,  
79 including, but not limited to, the provision of other forms of financial  
80 assistance.

81 (e) Upon approving a biotechnology company's application for an  
82 incentive payment, the commissioner shall issue a certificate of  
83 eligibility for an incentive payment, certifying that such payment will  
84 be available to be claimed by the biotechnology company if such  
85 company otherwise meets the requirements of this section. The  
86 certificate of eligibility shall include the biotechnology company's  
87 name, the number of new jobs created and the amount of the incentive  
88 payment certified for the year. The commissioner shall provide a copy  
89 of the certificate of eligibility to the Commissioner of Revenue Services,  
90 who shall segregate fifty per cent of the income tax thereafter deducted  
91 and withheld from the wages of a new employee by such  
92 biotechnology company. Not later than thirty days after the close of  
93 the biotechnology company's income year, such biotechnology  
94 company shall provide information to the commissioner regarding the  
95 number of new jobs created for the year, a certification that such new  
96 jobs are primarily in research and development, and the income tax  
97 deducted and withheld from the wages of such new employees and  
98 paid over to the state for such year. Upon final approval of such  
99 information, the commissioner shall certify to the Commissioner of  
100 Revenue Services that such biotechnology company shall be issued an  
101 incentive payment in the amount certified. The incentive payment  
102 shall be issued by the Commissioner of Revenue Services sixty days  
103 after the close of the taxpayer's income year or thirty days after the  
104 information is provided, whichever comes first.

105 (f) The commissioner, in consultation with the Commissioner of  
106 Revenue Services, shall adopt regulations, in accordance with the  
107 provisions of chapter 54 of the general statutes, to implement the  
108 provisions of this section.

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>	New section

**Statement of Purpose:**

To create an incentive payment program for biotechnology companies that hire new employees to work in research and development.

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