



General Assembly

**Amendment**

January Session, 2007

LCO No. 9389

**\*HB0650009389HDO\***

Offered by:

REP. BERGER, 73<sup>rd</sup> Dist.  
SEN. LEBEAU, 3<sup>rd</sup> Dist.  
REP. AMANN, 118<sup>th</sup> Dist.  
REP. STAPLES, 96<sup>th</sup> Dist.  
SEN. DAILY, 33<sup>rd</sup> Dist.

REP. LEONE, 148<sup>th</sup> Dist.  
REP. GENTILE, 104<sup>th</sup> Dist.  
REP. STONE, 9<sup>th</sup> Dist.  
REP. FOX, 146<sup>th</sup> Dist.  
REP. SERRA, 33<sup>rd</sup> Dist.

To: Subst. House Bill No. 6500

File No. 773

Cal. No. 593

**"AN ACT EXPANDING CONNECTICUT'S FILM INDUSTRY."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

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 Section 12-217jj of the general statutes is repealed and the  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

6 (a) As used in this section:

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

8 (2) "Commission" means the Connecticut Commission on Culture  
9 and Tourism.

10 (3) (A) "Qualified production" means [the process of producing any

11 type of] entertainment content [which shall include] created in whole  
12 or in part within the state, including motion pictures; documentaries;  
13 long-form, specials, mini-series, series, sound recordings, videos and  
14 music videos and interstitials television programming; interactive  
15 television; interactive games; videogames; commercials; infomercials;  
16 any format of digital media, including an interactive website, created  
17 [primarily] for distribution or exhibition to the general public; and any  
18 trailer, pilot, video teaser or demo created primarily to stimulate the  
19 sale, marketing, promotion or exploitation of future investment in  
20 either a product or a qualified production via any means and media in  
21 any digital media format, film or videotape, provided such program  
22 meets all the underlying criteria of a qualified production.

23 (B) "Qualified production" shall not include [(A)] any ongoing  
24 television program created primarily as news, weather or financial  
25 market reports, a production featuring current events, sporting events,  
26 an awards show or other gala event, a production whose sole purpose  
27 is fundraising, a long-form production that primarily markets a  
28 product or service, a production used for corporate training or in-  
29 house corporate advertising or other similar productions, or [(B)] any  
30 production [containing any material or performance that is obscene, as  
31 defined in section 53a-193] for which records are required to be  
32 maintained under 18 USC 2257 with respect to sexually explicit  
33 content.

34 (4) "Eligible production company" means a corporation, partnership,  
35 limited liability company, or other business entity engaged in the  
36 business of producing qualified productions on a one-time or ongoing  
37 basis, and qualified by the Secretary of the State to engage in business  
38 in the state.

39 (5) "Production expenses or costs" means all expenditures clearly  
40 and demonstrably incurred [in the state] in the development,  
41 preproduction, production or postproduction costs of a qualified  
42 production, including:

43 [(A) Expenditures for optioning or purchase of any intellectual  
44 property including, but not limited to, books, scripts, music or  
45 trademarks relating to the development or purchase of a script,  
46 screenplay or format, provided (i) the intellectual property was  
47 produced primarily in the state, (ii) seventy-five per cent of the  
48 qualified production based on such intellectual property is produced  
49 in the state, and (iii) the production expenses or costs for such  
50 optioning or purchase are less than thirty-five per cent of the  
51 production expenses or costs incurred in the state. Such expenses or  
52 costs shall include all expenditures generally associated with the  
53 optioning or purchase of intellectual property, including option  
54 money, agent fees and attorney fees relating to the transaction, but  
55 shall not include any and all deferrals, deferments, royalties, profit  
56 participation or recourse or nonrecourse loans which the eligible  
57 production company may negotiate in order to obtain the rights to the  
58 intellectual property;]

59 [(B)] (A) Expenditures incurred [in the state] in the form of either  
60 compensation or purchases including production work, production  
61 equipment not eligible for the infrastructure tax credit provided in  
62 section 2 of this act, production software, postproduction work,  
63 postproduction equipment, postproduction software, set design, set  
64 construction, props, lighting, wardrobe, makeup, makeup accessories,  
65 special effects, visual effects, audio effects, film processing, music,  
66 sound mixing, editing, location fees, soundstages and any and all other  
67 costs or services directly incurred [in the state] in connection with a  
68 state-certified qualified production;

69 [(C)] (B) Expenditures for distribution, including preproduction,  
70 production or postproduction costs relating to the creation of trailers,  
71 marketing videos, commercials, point-of-purchase videos and any and  
72 all content created on film or digital media, including the duplication  
73 of films, videos, CDs, DVDs and any and all digital files now in  
74 existence and those yet to be created for mass consumer consumption;  
75 the purchase, by a company in the state, of any and all equipment  
76 relating to the duplication or mass market distribution of any content

77 created or produced in the state by any digital media format which is  
78 now in use and those formats yet to be created for mass consumer  
79 consumption; and

80 [(D)] (C) "Production expenses or costs" does not include the  
81 following: (i) [Talent fees for extras, principal day players and  
82 atmosphere, as defined by the Screen Actors Guild, to the extent the  
83 individual performer costs exceed the rates of the Screen Actors Guild  
84 for double scale wages under the current collective bargaining  
85 agreements] On and after January 1, 2008, compensation in excess of  
86 fifteen million dollars paid to any individual or entity representing an  
87 individual, for services provided in the production of a qualified  
88 production; (ii) media buys, promotional events or gifts or public  
89 relations associated with the promotion or marketing of any qualified  
90 production; (iii) deferred, leveraged or profit participation costs  
91 relating to any and all personnel associated with any and all aspects of  
92 the production, including, but not limited to, producer fees, director  
93 fees, talent fees and writer fees; (iv) costs relating to the transfer of the  
94 production tax credits; and (v) any amounts paid to persons or  
95 businesses as a result of their participation in profits from the  
96 exploitation of the qualified production.

97 (6) "Sound recording" means a recording of music, poetry or  
98 spoken-word performance, but does not include the audio portions of  
99 dialogue or words spoken and recorded as part of a motion picture,  
100 video, theatrical production, television news coverage or athletic event.

101 [(6)] (Z) "State-certified qualified production" means a qualified  
102 production produced by an eligible production company that (A) is in  
103 compliance with regulations adopted pursuant to subsection [(e)] (g)  
104 of this section, (B) is authorized to conduct business in this state, and  
105 (C) has been approved by the commission as qualifying for a  
106 production tax credit under this section.

107 (8) "Interactive web site" means a web site, the production costs of  
108 which (A) exceed five hundred thousand dollars per income year, and

109 (B) is primarily (i) interactive games or end user applications, or (ii)  
110 animation, simulation, sound, graphics, story lines or video created or  
111 repurposed for distribution over the internet. An interactive web site  
112 does not include a web site primarily used for institutional, private,  
113 industrial, retail or wholesale marketing or promotional purposes, or  
114 which contains obscene content.

115 (9) "Post-certification remedy" means the recapture, disallowance,  
116 recovery, reduction, repayment, forfeiture, decertification or any other  
117 remedy that would have the effect of reducing or otherwise limiting  
118 the use of a tax credit provided by this section.

119 (b) (1) The Connecticut Commission on Culture and Tourism shall  
120 administer a system of tax credit vouchers within the resources,  
121 requirements and purposes of this section for eligible production  
122 companies producing a state-certified qualified production in the state.  
123 For income years commencing on or after January 1, [2006] 2007, any  
124 eligible production company incurring production expenses or costs in  
125 excess of fifty thousand dollars shall be eligible for a credit against the  
126 tax imposed under chapter 207 or this chapter equal to thirty per cent  
127 of such production expenses or costs, provided (A) on and after  
128 January 1, 2009, fifty per cent of such expenses or costs shall be  
129 counted toward such credit when incurred outside the state and used  
130 within the state, and one hundred per cent of such expenses or costs  
131 shall be counted toward such credit when incurred within the state  
132 and used within the state, and (B) on and after January 1, 2012, no  
133 expenses or costs incurred outside the state and used within the state  
134 shall be eligible for a credit, and one hundred per cent of such  
135 expenses or costs shall be counted toward such credit when incurred  
136 within the state and used within the state.

137 (2) Any credit allowed pursuant to this subsection may be sold,  
138 assigned or otherwise transferred, in whole or in part, to one or more  
139 taxpayers, [provided such taxpayers may claim such credit only for an  
140 income year in which the eligible production company would have  
141 been eligible to claim such credit] provided no credit, after issuance,

142 may be sold, assigned or otherwise transferred, in whole or in part,  
143 more than three times.

144 (3) Any such credit allowed under this subsection shall be claimed  
145 against the tax imposed under chapter 207 or this chapter for the  
146 income year in which [final certification for the state-certified qualified  
147 production is made by the commission pursuant to this section] the  
148 production expenses or costs were incurred, and may be carried  
149 forward for the three immediately succeeding income years. Any  
150 production tax credit allowed under this subsection shall be  
151 nonrefundable.

152 (c) (1) An eligible production company shall apply to the  
153 commission for [an eligibility certificate] a tax credit voucher not later  
154 than ninety days after the first production expenses or costs are  
155 incurred in the production of a qualified production, and shall provide  
156 with such application such information as the commission may require  
157 to determine such company's eligibility to claim a credit under this  
158 section. No production expenses or costs may be listed more than once  
159 for purposes of the tax credit voucher pursuant to this section, or  
160 pursuant to section 2 or 3 of this act, and if a production expense or  
161 cost has been included in a claim for a credit, such production expense  
162 or cost may not be included in any subsequent claim for a credit.

163 (2) Not earlier than three months after the application in subdivision  
164 (1) of this subsection, an eligible production company may apply to the  
165 commission for a production tax credit voucher, and shall provide  
166 with such application such information as the commission may require  
167 pertaining to the amount of such company's production expenses or  
168 costs to date. If the commission determines that such company is  
169 eligible to be issued a production tax credit voucher, the commission  
170 shall enter on the voucher the amount of production expenses or costs  
171 that has been established to the satisfaction of the commission, and the  
172 amount of such company's credit under this section. The commission  
173 shall provide a copy of such voucher to the commissioner, upon  
174 request.

175        [(2)] (3) Not later than ninety days after the last production expenses  
176 or costs are incurred in the production of a qualified production, an  
177 eligible production company shall apply to the commission for a  
178 production tax credit [certificate] voucher, and shall provide with such  
179 application such information as the commission may require  
180 pertaining to the amount of [the] such company's production expenses  
181 or costs. If the commission determines that [the] such company is  
182 eligible to be issued a production tax credit [certificate] voucher, the  
183 commission shall enter on the [certificate] voucher the amount of  
184 production expenses or costs that has been established to the  
185 satisfaction of the commission, minus the amount of any credit issued  
186 pursuant to subdivision (2) of this subsection, and the amount of [the]  
187 such company's credit under this section. The commission shall  
188 provide a copy of such [certificate] voucher to the commissioner, upon  
189 request.

190        (d) If an eligible production company sells, assigns or otherwise  
191 transfers a credit under this section to another taxpayer, the transferor  
192 and transferee shall jointly submit written notification of such transfer  
193 to the commission not later than thirty days after such transfer. If such  
194 transferee sells, assigns or otherwise transfers a credit under this  
195 section to a subsequent transferee, such transferee and such  
196 subsequent transferee shall jointly submit written notification of such  
197 transfer to the commission not later than thirty days after such  
198 transfer. The notification after each transfer shall include the credit  
199 [certificate] voucher number, the date of transfer, the amount of such  
200 credit transferred, the tax credit balance before and after the transfer,  
201 the tax identification numbers for both the transferor and the  
202 transferee, and any other information required by the commission.  
203 Failure to comply with this subsection will result in a disallowance of  
204 the tax credit until there is full compliance on [both] the part of the  
205 transferor and the transferee, and for a second or third transfer, on the  
206 part of all subsequent transferors and transferees. The commission  
207 shall provide a copy of the notification of assignment to the  
208 commissioner upon request.

209 (e) Any eligible production company that wilfully submits  
210 information to the commission that it knows to be fraudulent or false  
211 shall, in addition to any other penalties provided by law, be liable for a  
212 penalty equal to the amount of such company's credit entered on the  
213 production tax credit certificate issued under this section.

214 (f) The issuance by the commissioner of a tax credit voucher with  
215 respect to an amount of tax credits stated thereon shall mean that none  
216 of such tax credits are subject to a post-certification remedy, and that  
217 the commission and the commissioner shall have no right, except in  
218 the case of possible material misrepresentation or fraud, to conduct  
219 any further or additional review, examination or audit of the  
220 expenditures or costs for which such tax credits were issued. In the  
221 event that at any time after the issuance of a tax credit voucher, the  
222 commission or the commissioner determines that there was a material  
223 misrepresentation or fraud on the part of an eligible production  
224 company in connection with the submission of an expense report and  
225 the result of such material misrepresentation or fraud was that (1) a  
226 specific amount of tax credits was reflected on the tax credit voucher  
227 issued in response to such expense report that would not have  
228 otherwise been so reflected, and (2) such tax credits would otherwise  
229 be subject to a post-certification remedy, such tax credits shall not be  
230 subject to any post-certification remedy and the sole and exclusive  
231 remedy of the commission and the commissioner shall be to seek  
232 collection of the amount of such tax credits from the eligible  
233 production company that committed the fraud or misrepresentation,  
234 not from any transferee of such tax credits.

235 ~~[(e)]~~ (g) The commission, in consultation with the commissioner,  
236 shall adopt regulations, in accordance with the provisions of chapter  
237 54, as may be necessary for the administration of this section.

238 Sec. 2. (NEW) *(Effective July 1, 2007, and applicable to income years*  
239 *commencing on or after July 1, 2007)* (a) As used in this section:

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

241 (2) "Commission" means the Connecticut Commission on Culture  
242 and Tourism.

243 (3) "Infrastructure project" means a capital project to provide basic  
244 buildings, facilities or installations needed for the functioning of the  
245 digital media and motion picture industry in this state.

246 (4) "State-certified project" means an infrastructure project  
247 undertaken in this state by an entity that (A) is in compliance with  
248 regulations adopted pursuant to subsection (e) of this section, (B) is  
249 authorized to conduct business in this state, (C) is not in default on a  
250 loan made by the state or a loan guaranteed by the state, nor has ever  
251 declared bankruptcy under which an obligation of the entity to pay or  
252 repay public funds was discharged as a part of such bankruptcy, and  
253 (D) has been approved by the commission as qualifying for an  
254 infrastructure tax credit under this section.

255 (5) "Post-certification remedy" means the recapture, disallowance,  
256 recovery, reduction, repayment, forfeiture, decertification or any other  
257 remedy that would have the effect of reducing or otherwise limiting  
258 the use of a tax credit provided by this section.

259 (b) (1) There shall be allowed a state-certified project credit against  
260 the tax imposed under chapter 207 or 208 of the general statutes to any  
261 taxpayer that invests in a state-certified project. Such credit may be in  
262 the following amounts: (A) For state-certified projects costing greater  
263 than fifteen thousand dollars and less than one hundred fifty thousand  
264 dollars, each taxpayer may be allowed a tax credit of ten per cent of the  
265 investment made by such taxpayer; (B) for state-certified projects  
266 costing one hundred fifty thousand dollars or more, but less than one  
267 million dollars, each taxpayer may be allowed a tax credit of fifteen per  
268 cent of the investment made by such taxpayer; and (C) for state-  
269 certified projects costing one million dollars or more, each taxpayer  
270 may be allowed a tax credit of twenty per cent of the investment made  
271 by such taxpayer.

272 (2) Eligible expenditures pursuant to this section shall include the

273 following: All expenditures for a capital project to provide buildings,  
274 facilities or installations, whether leased or purchased, together with  
275 necessary equipment for a film, video, television, digital production  
276 facility or digital animation production facility; project development,  
277 including design, professional consulting fees and transaction costs;  
278 development, preproduction, production, post-production and  
279 distribution equipment and system access; and fixtures and other  
280 equipment.

281 (3) Any credit allowed pursuant to this section may be sold,  
282 assigned or otherwise transferred, in whole or in part, to one or more  
283 taxpayers, and such taxpayers may sell, assign or otherwise transfer, in  
284 whole or in part, such credit. Any taxpayer holding such credit may  
285 claim such credit only for the income year in which expenditures were  
286 made by the taxpayer for the infrastructure project.

287 (4) Any credit allowed pursuant to this section shall be claimed  
288 against the tax imposed under chapter 207 or 208 of the general  
289 statutes. If the amount of the credit allowable under this section  
290 exceeds the sum of any taxes due from a taxpayer, any such excess  
291 amount of the credit allowable under this section may be taken in any  
292 of the three immediately succeeding income years.

293 (5) Any tax credit earned under this section shall be nonrefundable.

294 (c) (1) An entity undertaking an infrastructure project shall apply to  
295 the commission for an eligibility certificate not later than ninety days  
296 after the first expenses or costs are incurred, and shall provide with  
297 such application such information as the commission may require to  
298 determine such infrastructure project's eligibility as a state-certified  
299 project.

300 (2) Each application for an eligibility certificate shall include: (A) A  
301 detailed description of the infrastructure project; (B) a preliminary  
302 budget; (C) estimated completion date; and (D) such other information  
303 as the commission may require. The commission may require an  
304 independent audit of all project costs and expenditures prior to

305 certification. If the commission determines that such project is eligible  
306 to be a state-certified project, the commission shall indicate the amount  
307 of costs or expenditures that has been established to the satisfaction of  
308 the commission, and issue to such entity a tax credit certification letter  
309 for investors indicating the amount of tax credits available under this  
310 section. The commission shall provide a copy of such letter to the  
311 commissioner, upon request.

312 (3) Prior to the issuance of a state-certified project tax credit voucher  
313 to a taxpayer based upon the tax credit certification letter issued  
314 pursuant to subdivision (2) of this subdivision, the entity undertaking  
315 such infrastructure project shall provide the commission with a  
316 description of the progress on such project and an estimated  
317 completion date. The commission may require an independent audit of  
318 all project costs and expenditures prior to issuance of such tax credit  
319 voucher to a taxpayer. No such tax credit voucher may be issued prior  
320 to such time as such state-certified project is shown to be not less than  
321 sixty per cent complete.

322 (d) If a taxpayer sells, assigns or otherwise transfers a credit under  
323 this section to another taxpayer, the transferor and transferee shall  
324 jointly submit written notification of such transfer to the commission  
325 not later than thirty days after such transfer. The notification shall  
326 include the credit certificate number, the date of transfer, the amount  
327 of such credit transferred, the tax credit balance before and after the  
328 transfer, the tax identification numbers for both the transferor and the  
329 transferee and any other information required by the commissioner.  
330 After the initial issuance of a tax credit, such credit may be sold,  
331 assigned or otherwise transferred not more than three times. Failure to  
332 comply with this subsection will result in a disallowance of the tax  
333 credit until there is full compliance on both the part of the transferor  
334 and the transferee, and all subsequent transferors and transferees. The  
335 commission shall provide a copy of the notification of assignment to  
336 the commissioner upon request.

337 (e) The issuance by the commissioner of a tax credit voucher with

338 respect to an amount of tax credits stated thereon shall mean that none  
339 of such tax credits are subject to a post-certification remedy, and that  
340 the commission and the commissioner shall have no right except in the  
341 case of a possible material misrepresentation or fraud, to conduct any  
342 further or additional review, examination or audit of the expenditures  
343 or costs for which such tax credits were issued. In the event that at any  
344 time after the issuance of a tax credit voucher, the commission or the  
345 commissioner determines that there was a material misrepresentation  
346 or fraud on the part of a taxpayer in connection with the submission of  
347 an expense report and the result of such material misrepresentation or  
348 fraud was that (1) a specific amount of tax credits was reflected on the  
349 tax credit voucher issued in response to such expense report that  
350 would not have otherwise been so reflected, and (2) such tax credits  
351 would otherwise be subject to a post-certification remedy, such tax  
352 credits shall not be subject to any post-certification remedy and the  
353 sole and exclusive remedy of the commission and the commissioner  
354 shall be to seek collection of the amount of such tax credits from the  
355 taxpayer that committed the fraud or misrepresentation, not from any  
356 transferee of the tax credits.

357 (f) The commission, in consultation with the commissioner, shall  
358 adopt regulations, in accordance with the provisions of chapter 54 of  
359 the general statutes, as may be necessary for the administration of this  
360 section.

361 Sec. 3. (NEW) (*Effective July 1, 2007, and applicable to income years*  
362 *commencing on or after January 1, 2007*) (a) As used in this section:

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

364 (2) "Commission" means the Connecticut Commission on Culture  
365 and Tourism.

366 (3) "Digital animation production company" means a corporation,  
367 partnership, limited liability company or other business entity engaged  
368 exclusively in digital animation production activity on an ongoing  
369 basis, and that is qualified by the Secretary of the State to engage in

370 business in the state.

371 (4) "State-certified digital animation production company" means a  
372 digital animation production company that (A) maintains studio  
373 facilities located within the state at which digital animation production  
374 activities are conducted, (B) is in compliance with regulations adopted  
375 pursuant to subsection (h) of this section, and (C) has been certified by  
376 the commission.

377 (5) "Digital animation production activity" means the creation,  
378 development and production of computer-generated animation  
379 content for distribution or exhibition to the general public, but not for  
380 the production of any material for which records are required to be  
381 maintained under 18 USC 2257 with respect to sexually explicit  
382 content.

383 (6) "Post-certification remedy" means the recapture, disallowance,  
384 recovery, reduction, repayment, forfeiture, decertification or any other  
385 remedy that would have the effect of reducing or otherwise limiting  
386 the use of a tax credit provided by this section.

387 (7) "Production expenses or costs" means all expenditures clearly  
388 and demonstrably incurred in the state in the development,  
389 preproduction, production or postproduction costs of a digital  
390 animation production activity, including:

391 (A) Expenditures for optioning or purchase of any intellectual  
392 property including, but not limited to, books, scripts, music or  
393 trademarks relating to the development or purchase of a script,  
394 screenplay or format, to the extent that such expenditures are less than  
395 thirty-five per cent of the production expenses or costs incurred by a  
396 digital animation production company in any income year. Such  
397 expenses or costs shall include all expenditures generally associated  
398 with the optioning or purchase of intellectual property, including  
399 option money, agent fees and attorney fees relating to the transaction,  
400 but shall not include any and all deferrals, deferments, profit  
401 participation or recourse or nonrecourse loans which the digital

402 animation production company may negotiate in order to obtain the  
403 rights to the intellectual property;

404 (B) Expenditures incurred in the form of either compensation or  
405 purchases including production work, production equipment not  
406 eligible for the infrastructure tax credit provided in section 2 of this act,  
407 production software, postproduction work, postproduction  
408 equipment, postproduction software, set design, set construction,  
409 props, lighting, wardrobe, makeup, makeup accessories, special  
410 effects, visual effects, audio effects, actors, voice talent, film processing,  
411 music, sound mixing, editing, location fees, soundstages, rent, utilities,  
412 insurance, administrative support, systems support, all reasonably-  
413 related expenses in connection with digital animation production  
414 activity, and any and all other costs or services directly incurred in the  
415 state in connection with a state-certified digital animation production  
416 company;

417 (C) Expenditures for distribution, including preproduction,  
418 production or postproduction costs relating to the creation of trailers,  
419 marketing videos, short films, commercials, point-of-purchase videos  
420 and any and all content created on film or digital media, including the  
421 duplication of films, videos, CDs, DVDs and any and all digital files  
422 now in existence and those yet to be created for mass consumer  
423 consumption; the purchase, by a company in the state, of any and all  
424 equipment relating to the duplication or mass market distribution of  
425 any content created or produced in the state by any digital media  
426 format which is now in use and those formats yet to be created for  
427 mass consumer consumption; and

428 (D) "Production expenses or costs" does not include the following:  
429 (i) Compensation in excess of fifteen million dollars paid to any  
430 individual or entity representing an individual, for services provided  
431 in a digital animation production activity; (ii) media buys, promotional  
432 events or gifts or public relations associated with the promotion or  
433 marketing of any digital animation production activity; (iii) deferred,  
434 leveraged or profit participation costs relating to any and all personnel

435 associated with any and all aspects of the production, including, but  
436 not limited to, producer fees, director fees, talent fees and writer fees;  
437 (iv) costs relating to the transfer of the digital animation tax credits;  
438 and (v) any amounts paid to persons or businesses as a result of their  
439 participation in profits from the exploitation of the digital animation  
440 production activity.

441 (b) (1) The Connecticut Commission on Culture and Tourism shall  
442 administer a system of tax credit vouchers within the resources,  
443 requirements and purposes of this section for digital animation  
444 production companies undertaking digital animation production  
445 activity in the state. For income years commencing on or after January  
446 1, 2007, any state-certified digital animation production company  
447 incurring production expenses or costs in excess of fifty thousand  
448 dollars shall be eligible for a credit against the tax imposed under  
449 chapter 207 or 208 of the general statutes, equal to thirty per cent of  
450 such production expenses or costs.

451 (2) Any credit allowed pursuant to this section may be sold,  
452 assigned or otherwise transferred, in whole or in part, to one or more  
453 taxpayers, provided no credit, after issuance, may be sold, assigned or  
454 otherwise transferred, in whole or in part, more than three times.

455 (3) Any credit allowed pursuant to this section shall be claimed  
456 against the tax imposed under chapter 207 or 208 of the general  
457 statutes, for the income year in which the production expenses or costs  
458 were incurred, and may be carried forward for the three immediately  
459 succeeding income years. Any digital animation tax credit allowed  
460 under this section shall be nonrefundable.

461 (c) Not more frequently than twice during the income year of a  
462 state-certified digital animation production company, such company  
463 may apply to the commission for a digital animation tax credit  
464 voucher, and shall provide with such application such information as  
465 the commission may require pertaining to the amount of such  
466 company's production expenses or costs incurred during the period for

467 which such application is made. If the commission determines that the  
468 company is eligible to be issued a tax credit voucher, the commission  
469 shall enter on the voucher the amount of production expenses and  
470 costs incurred during the period for which the voucher is issued and  
471 the amount of tax credits issued pursuant to such voucher. The  
472 commission shall provide a copy of such voucher to the commissioner  
473 upon request.

474 (d) If a state-certified digital animation production company sells,  
475 assigns or otherwise transfers a credit under this section to another  
476 taxpayer, the transferor and transferee shall jointly submit written  
477 notification of such transfer to the commission not later than thirty  
478 days after such transfer. If such transferee sells, assigns or otherwise  
479 transfers a credit under this section to a subsequent transferee, such  
480 transferee and such subsequent transferee shall jointly submit written  
481 notification of such transfer to the commission not later than thirty  
482 days after such transfer. The notification after each transfer shall  
483 include the credit voucher number, the date of transfer, the amount of  
484 such credit transferred, the tax credit balance before and after the  
485 transfer, the tax identification numbers for both the transferor and the  
486 transferee, and any other information required by the commission.  
487 Failure to comply with this subsection will result in a disallowance of  
488 the tax credit until there is full compliance on the part of the transferor  
489 and the transferee, and for a second or third transfer, on the part of all  
490 subsequent transferors and transferees. The commission shall provide  
491 a copy of the notification of assignment to the commissioner upon  
492 request.

493 (e) Any state-certified digital animation production company that  
494 wilfully submits information to the commission that it knows to be  
495 fraudulent or false shall, in addition to any other penalties provided by  
496 law, be liable for a penalty equal to the amount of such company's  
497 credit entered on the digital animation tax credit certificate issued  
498 under this section.

499 (f) The issuance by the commissioner of a digital animation tax

500 credit voucher with respect to an amount of tax credits stated thereon  
501 shall mean that none of such tax credits are subject to a post-  
502 certification remedy, and that the commission and the commissioner  
503 shall have no right, except in the case of possible material  
504 misrepresentation or fraud, to conduct any further or additional  
505 review, examination or audit of the expenditures or costs for which  
506 such tax credits were issued. In the event that at any time after the  
507 issuance of a tax credit voucher, the commission or the commissioner  
508 determines that there was a material misrepresentation or fraud on the  
509 part of a state-certified digital animation production company in  
510 connection with the submission of an expense report and the result of  
511 such material misrepresentation or fraud was that (1) a specific  
512 amount of tax credits was reflected on the tax credit voucher issued in  
513 response to such expense report that would not have otherwise been  
514 so reflected, and (2) such tax credits would otherwise be subject to a  
515 post-certification remedy, such tax credits shall not be subject to any  
516 post-certification remedy and the sole and exclusive remedy of the  
517 commission and the commissioner shall be to seek collection of the  
518 amount of such tax credits from the digital animation production  
519 company that committed the fraud or misrepresentation, not from any  
520 transferee of the tax credits.

521 (g) The aggregate amount of all tax credits which may be reserved  
522 by the commission pursuant to this section shall not exceed fifteen  
523 million dollars in any one fiscal year.

524 (h) The commission, in consultation with the commissioner, shall  
525 adopt regulations, in accordance with the provisions of chapter 54 of  
526 the general statutes, as may be necessary for the administration of this  
527 section.

528 Sec. 4. Section 32-39 of the general statutes is repealed and the  
529 following is substituted in lieu thereof (*Effective July 1, 2007*):

530 The purposes of the corporation shall be to stimulate and encourage  
531 the research and development of new technologies, [and] businesses

532 and products, to encourage the creation and transfer of new  
533 technologies, to assist existing businesses in adopting current and  
534 innovative technological processes, to stimulate and provide services  
535 to industry that will advance the adoption and utilization of  
536 technology, to achieve improvements in the quality of products and  
537 services, to stimulate and encourage the development and operation of  
538 new and existing science parks and incubator facilities, and to promote  
539 science, engineering, mathematics and other disciplines that are  
540 essential to the development and application of technology within  
541 Connecticut by the infusion of financial aid for research, invention and  
542 innovation in situations in which such financial aid would not  
543 otherwise be reasonably available from commercial or other sources,  
544 and for these purposes the corporation shall have the following  
545 powers:

546 (1) To have perpetual succession as a body corporate and to adopt  
547 bylaws, policies and procedures for the regulation of its affairs and  
548 conduct of its businesses as provided in section 32-36;

549 (2) To enter into venture agreements with persons, upon such terms  
550 and on such conditions as are consistent with the purposes of this  
551 chapter, for the advancement of financial aid to such persons for the  
552 research, development and application of specific technologies,  
553 products, procedures, services and techniques, to be developed and  
554 produced in this state, and to condition such agreements upon  
555 contractual assurances that the benefits of increasing or maintaining  
556 employment and tax revenues shall remain in this state and shall  
557 accrue to it;

558 (3) To solicit, receive and accept aid, grants or contributions from  
559 any source of money, property or labor or other things of value, to be  
560 held, used and applied to carry out the purposes of this chapter,  
561 subject to the conditions upon which such grants and contributions  
562 may be made, including but not limited to, gifts or grants from any  
563 department or agency of the United States or the state;

564 (4) To invest in, acquire, lease, purchase, own, manage, hold and  
565 dispose of real property and lease, convey or deal in or enter into  
566 agreements with respect to such property on any terms necessary or  
567 incidental to the carrying out of these purposes; provided, however,  
568 that all such acquisitions of real property for the corporation's own use  
569 with amounts appropriated by the state to the corporation or with the  
570 proceeds of bonds supported by the full faith and credit of the state  
571 shall be subject to the approval of the Secretary of the Office of Policy  
572 and Management and the provisions of section 4b-23;

573 (5) To borrow money or to guarantee a return to the investors in or  
574 lenders to any capital initiative, to the extent permitted under this  
575 chapter;

576 (6) To hold patents, copyrights, trademarks, marketing rights,  
577 licenses, or any other evidences of protection or exclusivity as to any  
578 products as defined herein, issued under the laws of the United States  
579 or any state or any nation;

580 (7) To employ such assistants, agents and other employees as may  
581 be necessary or desirable, which employees shall be exempt from the  
582 classified service and shall not be employees, as defined in subsection  
583 (b) of section 5-270; establish all necessary or appropriate personnel  
584 practices and policies, including those relating to hiring, promotion,  
585 compensation, retirement and collective bargaining, which need not be  
586 in accordance with chapter 68, and the corporation shall not be an  
587 employer as defined in subsection (a) of section 5-270; and engage  
588 consultants, attorneys and appraisers as may be necessary or desirable  
589 to carry out its purposes in accordance with this chapter;

590 (8) To make and enter into all contracts and agreements necessary or  
591 incidental to the performance of its duties and the execution of its  
592 powers under this chapter;

593 (9) To sue and be sued, plead and be impleaded, adopt a seal and  
594 alter the same at pleasure;

595 (10) With the approval of the State Treasurer, to invest any funds  
596 not needed for immediate use or disbursement, including any funds  
597 held in reserve, in obligations issued or guaranteed by the United  
598 States of America or the state of Connecticut and in other obligations  
599 which are legal investments for retirement funds in this state;

600 (11) To procure insurance against any loss in connection with its  
601 property and other assets in such amounts and from such insurers as it  
602 deems desirable;

603 (12) To the extent permitted under its contract with other persons, to  
604 consent to any termination, modification, forgiveness or other change  
605 of any term of any contractual right, payment, royalty, contract or  
606 agreement of any kind to which the corporation is a party;

607 (13) To do anything necessary and convenient to render the bonds  
608 to be issued under section 32-41 more marketable;

609 (14) To acquire, lease, purchase, own, manage, hold and dispose of  
610 personal property, and lease, convey or deal in or enter into  
611 agreements with respect to such property on any terms necessary or  
612 incidental to the carrying out of these purposes;

613 (15) In connection with any application for assistance under this  
614 chapter, or commitments therefor, to make and collect such fees as the  
615 corporation shall determine to be reasonable;

616 (16) To enter into venture agreements with persons, upon such  
617 terms and conditions as are consistent with the purposes of this  
618 chapter to provide financial aid to such persons for the marketing of  
619 new and innovative services based on the use of a specific technology,  
620 product, device, technique, service or process;

621 (17) To enter into limited partnerships or other contractual  
622 arrangements with private and public sector entities as the corporation  
623 deems necessary to provide financial aid which shall be used to make  
624 investments of seed venture capital in companies based in or

625 relocating to the state in a manner which shall foster additional capital  
626 investment, the establishment of new businesses, the creation of new  
627 jobs and additional commercially-oriented research and development  
628 activity. The repayment of such financial aid shall be structured in  
629 such manner as the corporation deems will best encourage private  
630 sector participation in such limited partnerships or other  
631 arrangements. The board of directors, executive director, officers and  
632 staff of the corporation may serve as members of any advisory or other  
633 board which may be established to carry out the purposes of this  
634 subdivision;

635 (18) To account for and audit funds of the corporation and funds of  
636 any recipients of financial aid from the corporation;

637 (19) To advise the Governor, the General Assembly, the  
638 Commissioner of Economic and Community Development and the  
639 Commissioner of Higher Education on matters relating to science,  
640 engineering and technology which may have an impact on state  
641 policies, programs, employers and residents, and on job creation and  
642 retention;

643 (20) To promote technology-based development in the state;

644 (21) To encourage and promote the establishment of and, within  
645 available resources, to provide financial aid to advanced technology  
646 centers;

647 (22) To maintain an inventory of data and information concerning  
648 state and federal programs which are related to the purposes of this  
649 chapter and to serve as a clearinghouse and referral service for such  
650 data and information;

651 (23) To conduct and encourage research and studies relating to  
652 technological development;

653 (24) To provide technical or other assistance and, within available  
654 resources, to provide financial aid to the Connecticut Academy of

655 Science and Engineering, Incorporated, in order to further the  
656 purposes of this chapter;

657 (25) To recommend a science and technology agenda for the state  
658 that will promote the formation of public and private partnerships for  
659 the purpose of stimulating research, new business formation and  
660 growth and job creation;

661 (26) To encourage and provide technical assistance and, within  
662 available resources, to provide financial aid to existing manufacturers  
663 and other businesses in the process of adopting innovative technology  
664 and new state-of-the-art processes and techniques;

665 (27) To recommend state goals for technological development and  
666 to establish policies and strategies for developing and assisting  
667 technology-based companies and for attracting such companies to the  
668 state;

669 (28) To promote and encourage and, within available resources, to  
670 provide financial aid for the establishment, maintenance and operation  
671 of incubator facilities;

672 (29) To promote and encourage the coordination of public and  
673 private resources and activities within the state in order to assist  
674 technology-based entrepreneurs and business enterprises;

675 (30) To provide services to industry that will stimulate and advance  
676 the adoption and utilization of technology and achieve improvements  
677 in the quality of products and services;

678 (31) To promote science, engineering, mathematics and other  
679 disciplines that are essential to the development and application of  
680 technology;

681 (32) To coordinate its efforts with existing business outreach centers,  
682 as described in section 32-9qq;

683 (33) To do all acts and things necessary and convenient to carry out

684 the purposes of this chapter;

685 (34) To accept from the department: (A) Financial assistance, (B)  
686 revenues or the right to receive revenues with respect to any program  
687 under the supervision of the department, and (C) loan assets or equity  
688 interests in connection with any program under the supervision of the  
689 department; to make advances to and reimburse the department for  
690 any expenses incurred or to be incurred by it in the delivery of such  
691 assistance, revenues, rights, assets, or interests; to enter into  
692 agreements for the delivery of services by the corporation, in  
693 consultation with the department, the Connecticut Housing Finance  
694 Authority and the Connecticut Development Authority, to third  
695 parties which agreements may include provisions for payment by the  
696 department to the corporation for the delivery of such services; and to  
697 enter into agreements with the department or with the Connecticut  
698 Development Authority or Connecticut Housing Finance Authority for  
699 the sharing of assistants, agents and other consultants, professionals  
700 and employees, and facilities and other real and personal property  
701 used in the conduct of the corporation's affairs;

702 (35) To transfer to the department: (A) Financial assistance, (B)  
703 revenues or the right to receive revenues with respect to any program  
704 under the supervision of the corporation, and (C) loan assets or equity  
705 interests in connection with any program under the supervision of the  
706 corporation, provided the transfer of such financial assistance,  
707 revenues, rights, assets or interests is determined by the corporation to  
708 be practicable, within the constraints and not inconsistent with the  
709 fiduciary obligations of the corporation imposed upon or established  
710 upon the corporation by any provision of the general statutes, the  
711 corporation's bond resolutions or any other agreement or contract of  
712 the corporation and to have no adverse effect on the tax-exempt status  
713 of any bonds of the state;

714 (36) With respect to any capital initiative, to create, with one or more  
715 persons, one or more affiliates and to provide, directly or indirectly, for  
716 the contribution of capital to any such affiliate, each such affiliate being

717 expressly authorized to exercise on such affiliate's own behalf all  
718 powers which the corporation may exercise under this section, in  
719 addition to such other powers provided to it by law;

720 (37) To provide financial aid to enable biotechnology and other  
721 technology companies to lease, acquire, construct, maintain, repair,  
722 replace or otherwise obtain and maintain production, testing, research,  
723 development, manufacturing, laboratory and related and other  
724 facilities, improvements and equipment;

725 (38) To provide financial aid to persons developing smart buildings,  
726 as defined in section 32-23d, incubator facilities or other information  
727 technology intensive office and laboratory space;

728 (39) To provide financial aid to persons developing or constructing  
729 the basic buildings, facilities or installations needed for the functioning  
730 of the media and motion picture industry in this state.

731 Sec. 5. Subdivision (5) of subsection (b) of section 1-210 of the  
732 general statutes is repealed and the following is substituted in lieu  
733 thereof (*Effective from passage*):

734 (5) (A) Trade secrets, which for purposes of the Freedom of  
735 Information Act, are defined as information, including formulas,  
736 patterns, compilations, programs, devices, methods, techniques,  
737 processes, drawings, cost data, [or] customer lists, film or television  
738 scripts or detailed production budgets that (i) derive independent  
739 economic value, actual or potential, from not being generally known  
740 to, and not being readily ascertainable by proper means by, other  
741 persons who can obtain economic value from their disclosure or use,  
742 and (ii) are the subject of efforts that are reasonable under the  
743 circumstances to maintain secrecy; and

744 (B) Commercial or financial information given in confidence, not  
745 required by statute.

746 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) The Office of Workforce

747 Competitiveness, in consultation with the Labor Commissioner, the  
748 Commissioners of Education and Economic and Community  
749 Development, and the Connecticut Commission on Culture and  
750 Tourism, shall establish a program that is designed to develop a  
751 trained workforce for the film industry in the state. Such program  
752 shall have three components: (1) An unpaid intern training program  
753 for high school and college students; (2) a production assistant training  
754 program open to any state resident; and (3) a workforce training  
755 program that would include classroom training, on-set training and a  
756 mentor program.

757 (b) Not later than ninety days after July 1, 2007, the Office of  
758 Workforce Competitiveness shall establish written participation  
759 guidelines for the program authorized under this section.

760 (c) Not later than January 1, 2008, and annually thereafter, the Office  
761 of Workforce Competitiveness shall submit a status report, in  
762 accordance with the provisions of section 11-4a of the general statutes,  
763 on the establishment and operation of the program authorized under  
764 this section to the Connecticut Employment and Training Commission,  
765 the joint standing committees of the General Assembly having  
766 cognizance of matters relating to commerce, and higher education and  
767 employment advancement.

768 Sec. 7. Subparagraph (C) of subdivision (37) of subsection (a) of  
769 section 12-407 of the general statutes is repealed and the following is  
770 substituted in lieu thereof (*Effective July 1, 2007, and applicable to all open*  
771 *tax periods*):

772 (C) Services by employment agencies and agencies providing  
773 personnel services, excluding services provided by a media loan-out  
774 company; for purposes of this subparagraph, "media loan-out  
775 company" means a retailer whose services are primarily provided by  
776 one individual, which is owned by such individual or a combination of  
777 such individual, such individual's business representatives or family  
778 members, and which provides the services of such individual to an

779 entity whose principal business activity is the production of media  
 780 content or to a payroll services company employed by such entity."

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>	12-217jj
Sec. 2	<i>July 1, 2007, and applicable to income years commencing on or after July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	32-39
Sec. 5	<i>from passage</i>	1-210(b)(5)
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007, and applicable to all open tax periods</i>	12-407(a)(37)(C)