



General Assembly

February Session, 2008

Raised Bill No. 5782

LCO No. 2485

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Referred to Committee on Commerce

Introduced by:

(CE)

AN ACT CREATING A TECHNOLOGY BUSINESS TAX BENEFIT TRANSFER PROGRAM.

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

1 Section 1. (NEW) (*Effective July 1, 2008, and applicable to income years*
2 *commencing on or after January 1, 2008*) (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) "Technology company" means a company engaged in the
13 conversion of basic scientific research into processes, techniques and
14 products that may have commercial potential.

15 (3) "Taxpayer" means a taxpayer subject to chapter 208 of the
16 general statutes.

17 (4) "Commissioner" means the Commissioner of Economic and
18 Community Development.

19 (b) The Commissioner of Economic and Community Development
20 shall establish a technology business tax benefit transfer program,
21 setting up an exchange program allowing technology or biotechnology
22 companies to surrender unused tax credits for research and
23 development and unused net operating loss carry-over. Taxpayers that
24 can use such tax benefits on such taxpayers' corporation business tax
25 returns may acquire such tax benefits and, in exchange, shall provide
26 such companies with financial assistance in an amount not less than
27 seventy-five per cent of the value of such tax benefits.

28 (c) To be eligible to participate in this program, a technology or
29 biotechnology company (1) shall employ less than two hundred
30 twenty-five full-time employees, of whom not less than seventy-five
31 per cent live in this state, and (2) shall have allowable, unused tax
32 credits pursuant to section 12-217j of the general statutes or allowable,
33 unused operating loss carry-over pursuant to section 12-217 of the
34 general statutes. If a company receives financial assistance in exchange
35 for the tax benefits surrendered by such company pursuant to this
36 section, such company may not use such tax benefits on any tax return.

37 (d) Notwithstanding a taxpayer's eligibility for such tax benefits, a
38 taxpayer may acquire unused tax credits pursuant to section 12-217j of
39 the general statutes or operating loss carry-over pursuant to section 12-
40 217 of the general statutes, provided the technology or biotechnology
41 company surrendering such tax benefits receives financial assistance in
42 an amount not less than seventy-five per cent of the value of such
43 surrendered tax benefit. The taxpayer shall be unaffiliated with the
44 technology or biotechnology company from which it acquires such tax
45 benefit. The tax benefits acquired by a taxpayer shall be used by such
46 taxpayer in the income year in which such tax benefits are acquired.

47 (e) The financial assistance provided by a taxpayer to a technology
48 or biotechnology company pursuant to this section shall be used to
49 fund expenses incurred by such company in connection with the
50 operation of such company, including, but not limited to, the expenses
51 of fixed assets, such as the construction and acquisition and
52 development of real estate, materials, start-up, working capital,
53 salaries, research and development expenditures and any other
54 expenses determined by the commissioner to be necessary for the
55 company.

56 (f) The commissioner shall adopt regulations in accordance with the
57 provisions of chapter 54 of the general statutes, in consultation with
58 the Commissioner of Revenue Services, to implement the provisions of
59 this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008, and applicable to income years commencing on or after January 1, 2008</i>	New section

Statement of Purpose:

To establish a program providing for the exchange of unused tax benefits for financial assistance to technology and biotechnology companies.

[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.]