



Substitute House Bill No. 5435

Public Act No. 10-75

AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS' JOB GROWTH ROUNDTABLE.

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

Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Green technology" means technology that (A) promotes clean energy, renewable energy or energy efficiency, (B) reduces greenhouse gases or carbon emissions, or (C) involves the invention, design and application of chemical products and processes to eliminate the use and generation of hazardous substances;

(2) "Job relating to green technology" means a job in which green technology is employed and may include the occupation codes identified as green jobs by the United States Bureau of Labor Statistics and those codes identified by the Labor Department and the Department of Economic and Community Development for such purposes;

(3) "Life science" means the study of genes, cells, tissues and chemical and physical structures of living organisms; and

(4) "Health information technology" means the creation, execution or implementation of electronic data systems that record or transmit

Substitute House Bill No. 5435

medical or health information.

(b) There is established a Connecticut green technology, life science and health information technology loan forgiveness program to be administered by the Department of Higher Education.

(c) A Connecticut resident who graduated on or after May 1, 2010, from an institution of higher education in this state with a bachelor degree in a field relating to green technology, life science or health information technology and who has been employed in this state for at least two years after graduation in a job relating to green technology, life science or health information technology and whose expected family contribution, as determined by the federal Free Application for Federal Student Aid for the most recent full academic year does not exceed thirty-five thousand dollars shall be eligible for reimbursement of federal or state educational loans up to a maximum of two thousand five hundred dollars per year or five per cent of the amount of such loans per year, whichever is less, for up to four years.

(d) A Connecticut resident who graduated on or after May 1, 2010, from an institution of higher education in this state with an associate degree relating to green technology, life science or health information technology and who has been employed in this state for at least two years after graduation in a job relating to green technology, life science or health information technology and whose expected family contribution, as determined by the federal Free Application for Federal Student Aid for the most recent full academic year does not exceed thirty-five thousand dollars shall be eligible for reimbursement of federal or state educational loans up to a maximum of two thousand five hundred dollars per year or five per cent of the amount of such loans per year, whichever is less, for up to two years.

(e) A Connecticut resident who receives a certificate relating to green technology, life science or health information technology from

Substitute House Bill No. 5435

an institution of higher education in this state shall be eligible for a grant equal to the cost of the training certificate not to exceed a maximum of two hundred fifty dollars, provided such resident (1) is unemployed, has received notice of termination of employment or is employed with a gross annual family income that does not exceed forty thousand dollars, (2) is eighteen years of age or older, (3) graduated from high school before July 1, 2008, and (4) has not been enrolled as a full-time student at an institution of higher education before July 1, 2010.

(f) Notwithstanding the provisions of subsections (c) and (d) of this section, the total combined dollar value of loan reimbursements available under this and any other provision of the general statutes shall not exceed five thousand dollars per recipient of an associate degree and ten thousand dollars per recipient of a bachelor degree.

Sec. 2. (NEW) (*Effective January 1, 2012*) Notwithstanding the provisions of section 10a-179 of the general statutes, the sum of three million dollars shall be transferred from the State of Connecticut Health and Educational Facilities Authority to the General Fund and used for the loan forgiveness program established pursuant to section 1 of this act.

Sec. 3. (NEW) (*Effective from passage*) The Board of Governors of Higher Education may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to carry out the provisions of section 1 of this act.

Sec. 4. (NEW) (*Effective July 1, 2010*) (a) The Board of Trustees of the Community-Technical Colleges shall develop a program to meet the educational and training needs of unemployed state residents by providing access to short-term, noncredit programs of study that lead to the acquisition of job-related skills and workforce credentials.

Substitute House Bill No. 5435

(b) The board of trustees shall establish an advisory committee to identify workforce needs, education and training requirements, support services and partnerships in fields with available or growing employment opportunities and in priority regions enduring high levels of unemployment. The advisory committee shall include representatives from the Labor Department, the Workforce Investment Boards, the Department of Economic and Community Development, the Connecticut Center for Advanced Technology, the Connecticut Business and Industry Association and labor organizations. The advisory committee shall examine the use of individual educational training accounts to assist these individuals, recommend eligibility requirements for participants, including, but not limited to, verification of unemployment and demonstration of financial need, and consider establishing pilot programs, the number and participants of which shall be determined by available funding resources. The advisory committee shall submit its recommendations to the board of trustees on or before November 1, 2010.

(c) The board of trustees shall examine the costs associated with program delivery and modification for existing programs or the development of new noncredit programs focused on high-need, high-growth fields along with support for student tuition, fees, books, materials and academics.

(d) The community-technical colleges shall leverage state funding dedicated to this initiative in applications for federal funding included in the Student Aid and Fiscal Responsibility Act, the United States Department of Education's college access challenge grant program and other available grants for educational and career training programs to sustain and expand the individual educational training grants program throughout the system of community colleges.

Sec. 5. (*Effective July 1, 2010*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have

Substitute House Bill No. 5435

the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate one million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Board of Trustees of the Community-Technical Colleges for the purpose of the program developed pursuant to section 4 of this act to meet the educational and training needs of unemployed residents.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become

Substitute House Bill No. 5435

due.

Sec. 6. (NEW) (*Effective July 1, 2010*) (a) As used in this section, "qualified business" means a Connecticut business, whether for-profit or not-for-profit, employing less than fifty employees.

(b) The Commissioner of Economic and Community Development shall establish the Connecticut Credit Consortium, which shall be a small business assistance revolving loan program to provide direct loans and lines of credit to qualified businesses. The commissioner shall establish eligibility criteria and guidelines for the program.

(c) As part of the program established pursuant to subsection (b) of this section, the commissioner may make, or cause to be made, direct loans or lines of credit to any qualified businesses, provided the cumulative total of outstanding loans and lines of credit (1) to any business at any time shall not exceed five hundred thousand dollars, and (2) to all businesses at any time shall not exceed fifteen million dollars.

(d) There is established an account to be known as the "small business assistance account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Repayment of principal and interest on loans shall be credited to such fund and shall become part of the assets of the fund. Any balance remaining in such account at the end of any fiscal year shall be carried forward in the fund for the fiscal year next succeeding. All moneys received in consideration of financial assistance, including payments of principal and interest on any loans, shall be credited to the account. Moneys in the account shall be expended by the Department of Economic and Community Development for the purposes of the small business assistance program established pursuant to subsection (b) of this section.

Substitute House Bill No. 5435

(e) Loans and lines of credit provided pursuant to subsection (b) of this section shall be exempt from the provisions of sections 32-222 to 32-234, inclusive, and section 32-5a of the general statutes.

Sec. 7. Subsection (b) of section 32-235 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Department of Economic and Community Development (1) for the purposes of sections 32-220 to 32-234, inclusive, including economic cluster-related programs and activities, and for the Connecticut job training finance demonstration program pursuant to sections 32-23uu and 32-23vv provided, ~~[(1)]~~ (A) three million dollars shall be used by said department solely for the purposes of section 32-23uu and not more than five million two hundred fifty thousand dollars of the amount stated in said subsection (a) may be used by said department for the purposes of section 31-3u, ~~[(2)]~~ (B) not less than one million dollars shall be used for an educational technology grant to the deployment center program and the nonprofit business consortium deployment center approved pursuant to section 32-41l, ~~[(3)]~~ (C) not less than two million dollars shall be used by said department for the establishment of a pilot program to make grants to businesses in designated areas of the state for construction, renovation or improvement of small manufacturing facilities provided such grants are matched by the business, a municipality or another financing entity. The Commissioner of Economic and Community Development shall designate areas of the state where manufacturing is a substantial part of the local economy and shall make grants under such pilot program which are likely to produce a significant economic development benefit for the designated area, ~~[(4)]~~ (D) five million dollars may be used by said department for the manufacturing

Substitute House Bill No. 5435

competitiveness grants program, [(5)] (E) one million dollars shall be used by said department for the purpose of a grant to the Connecticut Center for Advanced Technology, for the purposes of section 32-237, [(6)] (F) fifty million dollars shall be used by said department for the purpose of grants to the United States Department of the Navy, the United States Department of Defense or eligible applicants for projects related to the enhancement of infrastructure for long-term, on-going naval operations at the United States Naval Submarine Base-New London, located in Groton, which will increase the military value of said base. Such projects shall not be subject to the provisions of sections 4a-60 and 4a-60a, and [(7)] (G) two million dollars shall be used by said department for the purpose of a grant to the Connecticut Center for Advanced Technology, Inc., for manufacturing initiatives, including aerospace and defense, and (2) for the purposes of the small business assistance program established pursuant to section 6 of this act, provided fifteen million dollars shall be deposited in the small business assistance account established pursuant to said section 6. The provisions of sections 32-220 to 32-234, inclusive, shall not apply to such funds authorized pursuant to this subdivision.

Sec. 8. (NEW) *(Effective from passage and applicable to income years commencing on or after January 1, 2010)* (a) As used in this section:

(1) "Commissioner" means the Commissioner of Economic and Community Development;

(2) "Income year" means the income year or taxable year, as determined under chapter 207, 208 or 229 of the general statutes, as the case may be;

(3) "Qualified small business" means an employer, subject to tax under chapter 207, 208 or 229 of the general statutes, who employs less than fifty employees in Connecticut on the date of its application under subsection (c) of this section;

Substitute House Bill No. 5435

(4) "New employee" means a person hired after the effective date of this section by the qualified small business during its income years commencing on or after January 1, 2010, and prior to January 1, 2013, to fill a new full-time job. A new employee does not include a person who was employed in Connecticut by a related person with respect to the qualified small business during the prior twelve months;

(5) "Full-time job" means a job in which an employee is required to work at least thirty-five or more hours per week for not less than forty-eight weeks in a calendar year. "Full-time job" does not include a temporary or seasonal job;

(6) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the qualified small business, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of the qualified small business, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the qualified small business, or (D) a member of the same controlled group as the qualified small business; and

(7) "Control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time

Substitute House Bill No. 5435

amended, other than Paragraph (3) of Section 267(c) of said internal revenue code.

(b) (1) There is established a qualified small business job creation tax credit program for qualified small businesses whereby a qualified small business that hires a new employee who resides in the state may be allowed a tax credit against the tax imposed under chapter 207, 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes.

(2) The tax credit shall be an amount equal to two hundred dollars per month for each new employee hired.

(3) No tax credit shall be allowed for any new employee hired by a qualified small business in any income year commencing on or after January 1, 2013.

(4) No qualified small business may claim a tax credit for any new employee who is an owner, member or partner in the business or who is not employed at the close of the income year of the qualified small business.

(5) The qualified small business shall claim the tax credit for the income year in which the qualified small business hires a new employee and, if eligible, the two immediately succeeding income years. Any tax credit not used in an income year shall expire and shall not be refundable.

(c) To be eligible to claim the tax credit, a qualified small business shall apply to the commissioner in accordance with the provisions of this section. The application shall be on a form provided by the commissioner and shall contain sufficient information as required by the commissioner, including the activities that the qualified small business primarily engages in, the North American Industrial Classification System code of the qualified small business, the current

Substitute House Bill No. 5435

number of employees employed by the qualified small business as of the application date, and the name and position or job title of the new employee hired.

(d) (1) Upon receipt of an application, the commissioner shall render a decision on the application, in writing, not later than thirty days after the date of its receipt by the commissioner. If the commissioner approves the application of the qualified small business, the commissioner shall issue a certification letter indicating that the tax credit will be available to be claimed by the qualified small business if the qualified small business otherwise meets the requirements of this section.

(2) The total amount of tax credits granted under this section, section 9 of this act and section 12-217ii of the general statutes, as amended by this act, shall not exceed eleven million dollars in any one fiscal year.

(3) No qualified small business claiming the tax credit under this section with respect to a new employee may claim any credit against any tax under any other provision of the general statutes with respect to the same new employee.

(e) If the qualified small business is an S corporation or an entity treated as a partnership for federal income tax purposes, the tax credit may be claimed by the shareholders or partners of the qualified small business. If the qualified small business is a single member limited liability company that is disregarded as an entity separate from its owner, the tax credit may be claimed by the limited liability company's owner.

(f) For a qualified small business subject to the tax imposed under chapter 229 of the general statutes, no credit allowed under this section shall exceed the amount of tax imposed by said chapter. The

Substitute House Bill No. 5435

commissioner shall annually provide to the Commissioner of Revenue Services a list detailing all tax credits that have been approved and all qualified small businesses that have been issued a certification letter under subsection (d) of this section.

Sec. 9. (NEW) (*Effective from passage and applicable to income years commencing on or after January 1, 2010*) (a) As used in this section:

(1) "Commissioner" means the Commissioner of Economic and Community Development;

(2) "Employer" means a person engaged in business who has employees and who is subject to tax under chapter 207, 208 or 229 of the general statutes;

(3) "Income year" means the income year or taxable year, as determined under chapter 207, 208 or 229 of the general statutes, as the case may be;

(4) "New qualifying employee" means a person with a disability, as defined in section 17b-650 of the general statutes, who (A) is receiving vocational rehabilitation services from the Bureau of Rehabilitation Services within the Department of Social Services, and (B) is hired by the employer to fill a new job after the effective date of this section during the employer's income years commencing on or after January 1, 2010. A new qualifying employee does not include a person with a disability who was employed in this state by a related person with respect to the employer during the prior twelve months;

(5) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the employer, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of the employer, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership,

Substitute House Bill No. 5435

association or trust that is in control of the employer, or (D) a member of the same controlled group as the employer; and

(6) "Control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, other than Paragraph (3) of said Section 267(c).

(b) (1) There is established a vocational rehabilitation job creation tax credit program for employers whereby an employer who hires a new qualifying employee who resides in this state and requires such employee to work at least twenty hours or more per week for not less than forty-eight weeks in a calendar year may be allowed a tax credit against the tax imposed under chapter 207, 208 or 229 of the general statutes, other than the liability imposed by section 12-707 of the general statutes.

(2) The tax credit shall be an amount equal to two hundred dollars per month for each new qualifying employee hired.

(3) No employer may claim a tax credit for any new qualifying employee who is an owner, member or partner in the business of the employer or who is not employed at the close of the income year of the employer.

Substitute House Bill No. 5435

(4) The employer shall claim the tax credit for the income year in which the employer hires a new qualifying employee and, if eligible, the two immediately succeeding income years. Any tax credit not used in an income year shall expire and shall not be refundable.

(c) To be eligible to claim the tax credit, an employer shall apply to the commissioner in accordance with the provisions of this section. The application shall be on a form provided by the commissioner and shall contain sufficient information as required by the commissioner, including the activities that the employer primarily engages in, the North American Industrial Classification System code of the employer and the name and position or job title of the new qualifying employee hired.

(d) (1) Upon receipt of an application, the commissioner shall render a decision on the application, in writing, not later than thirty days after the date of its receipt by the commissioner. If the commissioner approves the application of the employer, the commissioner shall issue a certification letter indicating that the tax credit will be available to be claimed by the employer if the employer otherwise meets the requirements of this section.

(2) The total amount of tax credits granted under this section, section 8 of this act and section 12-217ii of the general statutes, as amended by this act, shall not exceed eleven million dollars in any one fiscal year.

(3) No employer claiming the tax credit under this section, with respect to a new qualifying employee, may claim any credit against any tax under any other provision of the general statutes with respect to the same new qualifying employee.

(e) If the employer is an S corporation or an entity treated as a partnership for federal income tax purposes, the tax credit may be

Substitute House Bill No. 5435

claimed by the shareholders or partners of the employer. If the employer is a single member limited liability company that is disregarded as an entity separate from its owner, the tax credit may be claimed by the limited liability company's owner.

(f) For an employer subject to the tax imposed under chapter 229 of the general statutes, no credit allowed under this section shall exceed the amount of tax imposed by chapter 229 of the general statutes. The commissioner shall annually provide to the Commissioner of Revenue Services a list detailing all tax credits that have been approved and all employers that have been issued a certification letter under subsection (d) of this section.

Sec. 10. Subdivision (2) of subsection (e) of section 12-217ii of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2010*):

(2) The total amount of credits granted to all taxpayers under section 12-217ii and sections 8 and 9 of this act shall not exceed [ten] eleven million dollars in any one fiscal year.

Sec. 11. Subdivision (117) of section 12-412 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to sales occurring on or after July 1, 2010*):

(117) (A) Sales and use of solar energy electricity generating systems and passive or active solar water or space heating systems and geothermal resource systems, including equipment related to such systems, and sales of services relating to the installation of such systems.

(B) Sales of and the storage, use or other consumption of machinery, equipment, tools, materials, supplies and fuel used directly in the

Substitute House Bill No. 5435

renewable energy and clean energy technology industries. As used in this subdivision, "renewable energy and clean energy technology industries" means industries that apply technologies to produce, improve or develop solar energy electricity generating systems, passive or active solar water or space heating systems, geothermal resource systems and wind power electric generation systems, including equipment related to such systems.

Sec. 12. (NEW) (*Effective July 1, 2010*) (a) There is established an account to be known as the "preseed financing account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by Connecticut Innovations, Incorporated, for the purposes of providing preseed financing pursuant to the program established in subsection (b) of this section.

(b) Connecticut Innovations, Incorporated, shall establish a program to provide preseed financing for Connecticut businesses, which shall include, but not be limited to, financial assistance for the development of proof of concepts and support services. Financial assistance shall not exceed one hundred fifty thousand dollars per eligible business. An eligible business shall (1) be principally located in Connecticut, (2) have not less than seventy-five per cent of its employees working in Connecticut, and (3) demonstrate private investment dollars of not less than fifty cents for every dollar of financial assistance sought from the program established pursuant to this section.

(c) The corporation may enter into an agreement, pursuant to chapter 55a of the general statutes, with a nonprofit corporation providing services and resources to entrepreneurs and businesses to operate such program.

Sec. 13. (*Effective July 1, 2010*) (a) For the purposes described in

Substitute House Bill No. 5435

subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate five million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by Connecticut Innovations, Incorporated, for the purpose of providing preseed funding pursuant to the program established in section 12 of this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State

Substitute House Bill No. 5435

Treasurer shall pay such principal and interest as the same become due.

Sec. 14. Section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) As used in this section:

(1) "Facility" means an insurance business facility;

(2) "Insurance business" means a business with a North American Industry Classification System code of 524113 to 524298, inclusive, that is engaged in the business of insuring risks or of providing services necessary to the business of insuring risks;

(3) "New job" means a job that did not exist in the business of a subject insurance business in this state prior to the subject insurance business's application to the commissioner for an eligibility certificate under this section for a new facility and that is filled by a new employee, but does not include a job created when an employee is shifted from an existing location of the subject insurance business in this state to a new facility;

(4) "New employee" means a person who resides in Connecticut and is hired by a subject insurance business to fill a position for a new job or a person shifted from an existing location of the subject insurance business outside this state to a new facility in this state, provided (A) in no case shall the total number of new employees allowed for purposes of this credit exceed the total increase in the taxpayer's employment in this state, which increase shall be the difference between (i) the number of employees employed by the subject insurance business in this state at the time of application for an eligibility certificate to the commissioner plus the number of new employees who would be eligible for inclusion under the credit allowed under this section without regard to this calculation, and (ii)

Substitute House Bill No. 5435

the highest number of employees employed by the subject insurance business in this state in the year preceding the subject insurance business's application for an eligibility certificate to the commissioner, and (B) a person shall be deemed to be a "new employee" only if such person's duties in connection with the operation of the facility are on a regular, full-time, or equivalent thereof, and permanent basis;

(5) "New facility" means a facility which (A) is acquired by, leased to, or constructed by, a subject insurance business on or after the date of the subject insurance business's application to the commissioner for an eligibility certificate under this section, unless, upon application of the subject insurance business and upon good and sufficient cause shown, the commissioner waives the requirement that such activity take place after the application, and (B) was not in service or use during the one-year period immediately prior to the date of the subject insurance business's application to said commissioner for an eligibility certificate under this section, unless upon application of the subject insurance business and upon good and sufficient cause shown, the commissioner consents to waiving the one-year period;

(6) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the taxpayer or subject insurance business, as the case may be, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer or subject insurance business, as the case may be, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer or subject insurance business, as the case may be, or (D) a member of the same controlled group as the taxpayer or subject insurance business, as the case may be. For purposes of this section, "control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total

Substitute House Bill No. 5435

combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than [paragraph (3) of such section] Paragraph (3) of Section 267(c) of said internal revenue code;

(7) "Moneys of the taxpayer" means all amounts invested in a fund, directly or indirectly, on behalf of a taxpayer, including but not limited to (A) direct investments made by the taxpayer, and (B) loans made to the fund for the benefit of the taxpayer which loans are guaranteed by the taxpayer, provided no amounts represented by any such loan shall be used for the purpose of obtaining any tax credit by any person making such loan against any tax levied by this state;

(8) "Income year" means (A) with respect to corporations subject to taxation under chapter 208, the income year as determined under said chapter, (B) with respect to insurance companies, hospital and medical services corporations subject to taxation under chapter 207, the income year as determined under said chapter, and (C) with respect to taxpayers subject to taxation under chapter 229, the taxable year determined under [said] chapter 229;

(9) "Taxpayer" means any person as defined in section 12-1, whether or not subject to any taxes levied by this state; and

(10) "Commissioner" means the Commissioner of Economic and Community Development.

Substitute House Bill No. 5435

(b) (1) On or before July 1, 2000, the commissioner shall register managers of funds created for the purpose of investing in insurance businesses. Any manager registered under this subsection shall have its primary place of business in this state. Each applicant shall submit an application under oath to the commissioner to be registered and shall furnish evidence satisfactory to the commissioner of its financial responsibility, integrity, and professional competence to manage investments. Failure to maintain adequate fiduciary standards shall constitute cause for the commissioner to revoke, after hearing, any registration granted under this section. The fund manager shall make a report on or before the first day of March in each year, under oath, to the Commissioner of Revenue Services specifying the name, address and Social Security number or employer identification number of each investor, the year during which each investment was made by each investor, the amount of each investment and a description of the fund's investment objectives and relative performance.

~~[(c)]~~ (2) There shall be allowed as a credit against the tax imposed under chapter 207, 208 or 229 or section 38a-743 an amount equal to the following percentage of the moneys of the taxpayer invested through a fund manager in an insurance business with respect to the following income years of the taxpayer: ~~[(1)]~~ (A) With respect to the income year in which the investment in the subject insurance business was made and the two next succeeding income years, zero per cent; ~~[(2)]~~ (B) with respect to the third full income year succeeding the year in which the investment in the subject insurance business was made and the three next succeeding income years, ten per cent; ~~[(3)]~~ (C) with respect to the seventh full income year succeeding the year in which the investment in the subject insurance business was made and the two next succeeding income years, twenty per cent. The sum of all tax credit granted pursuant to the provisions of this ~~[section]~~ subsection shall not exceed fifteen million dollars with respect to investments made by a fund or funds in any single insurance business, and with

Substitute House Bill No. 5435

respect to all investments made by a fund shall not exceed the total amount originally invested in such fund. Any fund manager may apply to the Commissioner of Economic and Community Development for a credit that exceeds the limitations established by this [subsection] subdivision. The commissioner shall evaluate the benefits of such application and make recommendations to the General Assembly if he determines that the proposal would be of economic benefit to the state.

[(d)] (3) The credit allowed by this [section] subsection may be claimed only by a taxpayer who has invested in an insurance business through a fund [(1)] (A) which has a total asset value of not less than thirty million dollars for the income year for which the initial credit is taken; [(2)] (B) has not less than three investors who are not related persons with respect to each other or to any insurance business in which any investment is made other than through the fund at the date the investment is made; and [(3)] (C) which invests only in insurance businesses that are not related persons with respect to each other.

[(e)] (4) The credit allowed by this section may be claimed only with respect to a subject insurance business which [(1)] (A) occupies the new facility for which an eligibility certificate has been issued by the commissioner and with respect to which the certification required under [subsection (g) of this section] subdivision (6) of this subsection has been issued as its home office, and [(2)] (B) employs not less than twenty-five per cent of its total work force in new jobs.

[(f)] (5) The credit allowed by this [section] subsection may be claimed only with respect to an income year for which a certification of continued eligibility required under [subsection (g) of this section] subdivision (6) of this subsection has been issued. If, with respect to any year for which a tax credit is claimed, any subject insurance business ceases at any time to employ at least twenty-five per cent of its total work force in new jobs, then, except as provided in [subsection

Substitute House Bill No. 5435

(g) of this section] subdivision (6) of this subsection, the entitlement to the credit allowed by this [section] subsection shall not be allowed for the taxable year in which such employment ceases, and there shall not be a pro rata application of the credit to such taxable year; provided, if the reason for such cessation is the dissolution, liquidation or reorganization of such insurance business in a bankruptcy or delinquency proceeding, as defined in section 38a-905, the credit shall be allowed.

[(g)] (6) The commissioner, upon application, shall issue an eligibility certificate for an insurance business occupying a new facility in this state and employing new employees, after it has been established, to his satisfaction, that subject insurance business has complied with the provisions of this [section] subsection. If the commissioner determines that such requirements have been met as a result of transactions with a related person for other than bona fide business purposes, he shall deny such application. The commissioner shall require the subject insurance business to submit annually such information as may be necessary to determine whether the appropriate occupancy and employment requirements have been met at all times during an income year. If the commissioner determines that such requirements have been so met, he shall issue a certification of continued eligibility to that effect to the subject insurance business on or before the first day of the third month following the close of the subject insurance business's income year.

[(h)] (7) The commissioner shall, upon request, provide a copy of the eligibility certificate and the certification required under [subsection (g) of this section] subdivision (6) of this subsection to the Commissioner of Revenue Services.

[(i) (1) If (A)] (8) (A) If (i) the number of new employees on account of which a taxpayer claimed the credit allowed by this [section] subsection decreases to less than twenty-five per cent of its total work

Substitute House Bill No. 5435

force for more than sixty days during any of the taxable years for which a credit is claimed, [(B)] (ii) those employees are not replaced by other employees who have not been shifted from an existing location of the subject insurance business in this state, and [(C)] (iii) the subject insurance business has relocated operations conducted in the new facility to a location outside this state, the taxpayer shall be required to recapture a percentage, as determined under the provisions of [subdivision (2) of this subsection] subparagraph (B) of this subdivision, of the credit allowed under this [section] subsection on its tax return and no subsequent credit shall be allowed. If the credit claimed by the taxpayer under this [section] subsection is attributable to investments made in more than one insurance business, the credit recaptured and disallowed under this [subsection] subdivision shall be that portion of the credit attributable to the investment in the insurance business as described in [subparagraphs (A) to (C), inclusive, of subdivision (1) of this subsection] subparagraphs (A)(i) to (A)(iii), inclusive, of this subdivision.

[(2)] (B) If the taxpayer is required under the provisions of [subdivision (1) of this subsection] subparagraph (A) of this subdivision to recapture a portion of the credit during [(A)] (i) the first year such credit was claimed, then ninety per cent of the credit allowed shall be recaptured on the tax return required to be filed for such year, [(B)] (ii) the second of such years, then sixty-five per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, [(C)] (iii) the third of such years, then fifty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, [(D)] (iv) the fourth of such years, then thirty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, [(E)] (v) the fifth of such years, then twenty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be

Substitute House Bill No. 5435

filed for such year, and [(F)] (vi) the sixth or subsequent of such years, then ten per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year. Any credit recaptured pursuant to this [subsection] subdivision shall not be in excess of the credit that would be allowed for the applicable investment. The Commissioner of Revenue Services may recapture such credits from the taxpayer who has claimed such credits. If the commissioner is unable to recapture all or part of such credits from such taxpayer, the commissioner may seek to recapture such credits from any taxpayer who has assigned such credits to another taxpayer. If the commissioner is unable to recapture all or part of such credits from any such taxpayer, the commissioner may recapture such credits from the fund.

[(3)] (C) The recapture provisions of this [subsection] subdivision shall not apply and tax credits may continue to be claimed under this [section] subsection if, for the entire period that the credit is applicable, such decrease in the percentage of total work force employed in this state does not result in an actual decrease in the number of persons employed by the subject insurance business in this state on a regular, full-time, or equivalent thereof, and permanent basis as compared to the number of new employees on account of which the taxpayer claimed the credit allowed by this [section] subsection.

(c) (1) As used in this subsection:

(A) "Allocation date" means the date an insurance reinvestment fund receives an investment of eligible capital equaling the amount of credits against the tax imposed under chapter 207 and section 38a-743 allocated to taxpayers who invest in such insurance reinvestment fund;

(B) "Eligible business" means a business that has its principal business operations in Connecticut, has fewer than two hundred fifty employees at the time of investment and not more than ten million

Substitute House Bill No. 5435

dollars in net income in the previous year;

(C) "Eligible capital" means an investment of cash by a taxpayer in an insurance reinvestment fund that fully funds the purchase price of an equity interest in the insurance reinvestment fund or an eligible debt instrument issued by an insurance reinvestment fund, at par value or a premium, that (i) has an original maturity date of at least five years after the date of issuance, (ii) has a repayment schedule that is not faster than a level principal amortization over five years, and (iii) has no interest, distribution or payment features tied to the insurance reinvestment fund's profitability or the success of the investments;

(D) "Green technology business" means an eligible business with not less than twenty-five per cent of its employment positions being positions in which green technology is employed or developed and may include the occupation codes identified as green jobs by the Department of Economic and Community Development and the Labor Department for such purposes;

(E) "Income year" means the income year as determined in chapter 207 for the taxpayer;

(F) "Insurance reinvestment fund" means a Connecticut partnership, corporation, trust or limited liability company, whether organized on a profit or not-for-profit basis, that (i) is managed by at least two principals or persons that have at least four years of experience each in managing venture capital or private equity funds, with at least fifty million dollars of such funds from people unaffiliated with the manager, (ii) has received an equity investment of capital other than eligible capital equal to no less than five per cent of the total amount of the eligible capital to be invested in such insurance reinvestment fund, and (iii) is not, or will not be after the receipt of eligible capital, controlled by or under common control with, one or more insurance companies. An investment of eligible capital shall not result in

Substitute House Bill No. 5435

insurance company control unless such investment exceeds forty million dollars per taxpayer and results in insurance companies having the right to vote more than fifty per cent of the equity interests of the insurance reinvestment fund cash invested in such insurance reinvestment fund, provided this provision shall not prohibit the interim control of an insurance reinvestment fund by one or more insurance companies upon a breach of any payment obligation of the insurance reinvestment fund or contractual or other agreement by the insurance reinvestment fund that is designed to ensure compliance with this section; and

(G) "Principal business operations" means at least eighty per cent of the business organization's employees reside in the state or eighty per cent of the business payroll is paid to individuals living in this state.

(2) A taxpayer that makes an investment of eligible capital shall, in the year of investment, earn a vested credit against the premium tax imposed pursuant to chapter 207 and section 38a-743. Such credit shall be available as follows: (A) Commencing with the tax return due for the first to third, inclusive, tax years, zero per cent; (B) commencing with the tax return due for the fourth to seventh, inclusive, tax years, not more than ten per cent; and (C) commencing with the tax return due for the eighth to tenth, inclusive, tax years, not more than twenty per cent. The maximum amount of eligible capital for which credits may be allowed under this subsection shall not result in more than forty million dollars of tax credits being used in any one year exclusive of any carried forward credits and no fund shall apply for more than the total amount of credits available under this section.

(3) On or before July 1, 2010, the Commissioner of Economic and Community Development shall begin to accept applications for certification as an insurance reinvestment fund and for allocations of tax credits under this subsection. Applications shall include: (A) The amount of eligible capital the applicant will raise; (B) a nonrefundable

Substitute House Bill No. 5435

application fee of seven thousand five hundred dollars; (C) evidence of satisfaction of the requirements of the definition of "insurance reinvestment fund" pursuant subparagraph (F) of subdivision (1) of this subsection; (D) an affidavit by each taxpayer committing an investment of eligible capital; (E) a business plan detailing (i) the approximate percentage of eligible capital the applicant will invest in eligible businesses by the third, fifth, seventh and ninth anniversaries of its allocation date, (ii) the industry segments listed by the North American Industrial Classification System code and percentage of eligible capital in which the applicant will invest, (iii) the number of jobs that will be created or retained as a result of the applicants investments once all eligible capital has been invested, (iv) the percentage of eligible capital to be invested in eligible businesses primarily engaged in conducting research and development or manufacturing, processing or assembling technology-based products; and (v) a revenue impact assessment demonstrating that the applicant's business plan has a revenue neutral or positive impact on the state; (F) a commitment to invest at least twenty-five per cent of its eligible capital in green technology businesses; and (G) a commitment to invest by the third anniversary of its allocation date, three per cent of its eligible capital in preseed investments in consultation with Connecticut Innovations, Incorporated, pursuant to the corporation's program for preseed financing established pursuant to section 12 of this act. The commissioner may require the applicant to obtain a revenue impact assessment conducted by an independent third party.

(4) Applications for tax credits pursuant to this subsection shall be accepted and approved on a first-come, first-served basis with all applications received on the same date deemed to be received simultaneously and approvals being made on a pro rata basis if such applications exceed the amount of remaining credits.

(5) The commissioner shall issue an allocation of credits subject to

Substitute House Bill No. 5435

confirmation on a form prescribed by the commissioner by the fund that an investment of eligible capital was received within five business days. If an insurance reinvestment fund does not receive an investment of eligible capital equaling the amount of credits against the tax imposed under chapter 207 and section 38a-743 allocated to a taxpayer, for which it filed an affidavit with its application prior to the fifth business day after receipt of certification, the insurance reinvestment fund shall notify the commissioner by overnight common carrier delivery service and that portion of eligible capital allocated to the insurance company shall be forfeited. Such insurance reinvestment fund and forfeiting taxpayer shall each be assessed a twenty-five-thousand-dollar administrative penalty. The commissioner shall reallocate the forfeited eligible capital among all other remaining taxpayers that invested eligible capital.

(6) To continue to be certified, an insurance reinvestment fund shall (A) be in compliance with the investment parameters set forth in its business plan, provided an insurance reinvestment fund may apply to the commissioner to amend its business plan based on unavoidable or reasonably unanticipated changes to various conditions, including, but not limited to, the general economic climate of the state or particular sectors of the economy, technological advances and high employment and revenue growth opportunities, with approval for such changes not to be unreasonably withheld by the commissioner; (B) be in compliance with the revenue impact assessment provided in the application demonstrating that the fund's business plan continues to have a revenue neutral or positive impact on the state; (C) have invested sixty per cent of its eligible capital in eligible businesses by the fourth anniversary of its allocation date; and (D) have invested one hundred per cent of its eligible capital in eligible businesses by the tenth anniversary of its allocation date, with a minimum of twenty-five per cent of eligible capital invested in green technology businesses. An insurance reinvestment fund shall only invest eligible capital in

Substitute House Bill No. 5435

eligible businesses, bank deposits, certificates of deposit or other fixed income securities and may not invest more than fifteen per cent of its eligible capital in any one eligible business without prior approval of the commissioner.

(7) Not later than January thirty-first annually, each insurance reinvestment fund shall report to the commissioner: (A) The amount of eligible capital remaining at the end of the preceding year; (B) each investment in an eligible business during the preceding year and, with respect to each eligible business, its location and North American Industrial Classification System code; (C) the percentage of eligible capital invested in green technology businesses; and (D) distributions made by the insurance reinvestment fund in the preceding year. In the annual report due in the third, fifth, seventh and ninth years after its allocation date, each insurance reinvestment fund shall also report to the commissioner its compliance with the investment parameters set forth in its business plan and the revenue impact assessment provided in the application demonstrating that the fund's business plan continues to have a revenue neutral or positive impact on the state. Each insurance reinvestment fund shall provide to the commissioner annual audited financial statements.

(8) To make a distribution or payment, an insurance reinvestment fund must have invested one hundred per cent of its eligible capital in eligible businesses, with a minimum of twenty-five per cent of eligible capital invested in green technology businesses, with principal business operations in this state at the time of such determination, except: (A) Distributions related to the payment of any projected increase in federal or state taxes, including penalties and interest related to state and federal income taxes, of the equity owners of the insurance reinvestment fund resulting from the earnings or other tax liability of the insurance reinvestment fund to the extent that the increase is related to the ownership, management or operation of the

Substitute House Bill No. 5435

insurance reinvestment fund; (B) payments of interest and principal on the debt of the insurance reinvestment fund, provided after such payment, the insurance reinvestment fund still has cash and other marketable securities in an amount that, when added to the cumulative investments it has made in eligible recipients, equals not less than sixty per cent of the eligible capital invested in such reinvestment fund; or (C) payments related to the reasonable costs and expenses of forming, syndicating, managing and operating the fund, provided the distribution or payment is not made directly or indirectly to an insurance company that has invested eligible capital in the insurance reinvestment fund, including: (i) Reasonable and necessary fees paid for professional services, including legal and accounting services, related to the formation and operation of the insurance reinvestment fund; and (ii) an annual management fee in an amount that does not exceed two and one-half per cent of the eligible capital of the insurance reinvestment fund. The state shall receive a share of any distribution, except as set forth in subparagraphs (A), (B) and (C) of this subsection and distributions made to return any equity capital invested in the insurance reinvestment fund that is not eligible capital, in the following percentages: (I) Ten per cent when less than eighty per cent but more than sixty per cent of the jobs set forth in the insurance reinvestment fund's business plan are created or retained, and (II) twenty per cent when sixty per cent or less of the jobs set forth in the insurance reinvestment fund's business plan are created or retained.

(9) The commissioner shall review each annual report to ensure compliance with subdivisions (6), (7) and (8) of this subsection. A material variation of subdivision (6), (7) or (8) of this subsection is grounds for decertification of the insurance reinvestment fund. If the commissioner determines that an insurance reinvestment fund is not in compliance with subdivision (6), (7) or (8) of this subsection or the investment parameters of its business plan, the commissioner shall notify the officers of the insurance reinvestment fund, in writing, that

Substitute House Bill No. 5435

the insurance reinvestment fund may be subject to decertification after the one-hundred-twentieth day after the date of mailing the notice, unless the deficiencies are waived by the commissioner or are corrected and the insurance reinvestment fund returns to compliance with subdivisions (6), (7) and (8) of this subsection.

(10) Decertification of an insurance reinvestment fund shall cause the forfeiture of future credits against the tax imposed by chapter 207 and section 38a-743 to be claimed with respect to an insurance reinvestment fund when (A) such decertification occurs on or before the fourth anniversary of the fund's allocation date, and (B) such fund has invested less than sixty per cent of its eligible capital in eligible businesses by said anniversary. The commissioner shall send written notice to the last-known address of each taxpayer whose credit against the tax imposed by chapter 207 is subject to recapture or forfeiture.

[(j)] (d) The tax credit allowed by this section shall only be available for investments (1) in funds that are not open to additional investments or investors beyond the amount subscribed at the formation of the fund, or (2) under subsection (c) of this section, in insurance reinvestment funds that are not open to additional investments or investors after submission of the insurance reinvestment fund's application to the commissioner pursuant to subsection (c) of this section. [No credits shall be allowed under this section for investments in any fund created on or after July 1, 2000. No credit] On and after June 30, 2010, no eligibility certificate shall be [allowed] provided under subdivision (6) of subsection (b) of this section for investments made in an insurance business. [through such fund after December 31, 2015.] On or after July 1, 2011, no credit shall be allowed under subdivision (2) or (6) of subsection (b) of this section for an investment of less than one million dollars for which the commissioner has issued an eligibility certificate. A fund manager who has received an eligibility certificate but is not yet eligible to receive a

Substitute House Bill No. 5435

certificate of continued eligibility shall provide documentation satisfactory to the commissioner not later than June 30, 2011, of its investment of one million dollars or more. Such documentation shall include, but is not limited to, cancelled checks, wire transfers, investment agreements or other documentation as the commissioner may request. On and after July 1, 2011, the commissioner shall revoke the certificate of eligibility for any insurance business for which its fund manager failed to provide sufficient documentation of said investment of not less than one million dollars. Any credit allowed under subsection (b) or subsection (g) of this section that has not been claimed prior to January 1, 2010, may be carried forward pursuant to subsection (i) of this section.

(e) The maximum amount of credit allowed under subsection (c) of this section shall be two hundred million dollars in aggregate and forty million dollars per year.

[[k]] (f) (1) The Commissioner of Revenue Services may treat one or more corporations that are properly included in a combined corporation business tax return under section 12-223 as one taxpayer in determining whether the appropriate requirements under this section are met. Where corporations are treated as one taxpayer for purposes of this subsection, then the credit shall be allowed only against the amount of the combined tax for all corporations properly included in a combined return that, under the provisions of subdivision (2) of this subsection, is attributable to the corporations treated as one taxpayer. (2) The amount of the combined tax for all corporations properly included in a combined corporation business tax return that is attributable to the corporations that are treated as one taxpayer under the provisions of this subsection shall be in the same ratio to such combined tax that the net income apportioned to this state of each corporation treated as one taxpayer bears to the net income apportioned to this state, in the aggregate, of all corporations included

Substitute House Bill No. 5435

in such combined return. Solely for the purpose of computing such ratio, any net loss apportioned to this state by a corporation treated as one taxpayer or by a corporation included in such combined return shall be disregarded.

[(l)] (g) Any taxpayer allowed a credit under subsection (b) of this section may assign such credit to another person, provided such person may claim such credit only with respect to a calendar year for which the assigning taxpayer would have been eligible to claim such credit. The fund manager shall include in the report filed with the Commissioner of Revenue Services in accordance with subdivision (1) of subsection (b) of this section information requested by the commissioner regarding such assignments including the current holders of credits as of the end of the preceding calendar year.

[(m)] (h) No taxpayer shall be eligible for a credit under this section and either section 12-217e or section 12-217m for the same investment. No two taxpayers shall be eligible for any tax credit with respect to the same investment, employee or facility.

[(n)] (i) Any tax credit not used in the income year for which it was allowed may be carried forward for the five immediately succeeding income years until the full credit has been allowed.

[(o)] (j) The commissioner, with the approval of the Commissioner of Revenue Services and the Secretary of the Office of Policy and Management, may adopt regulations in accordance with chapter 54 to carry out the purposes of this section.

Sec. 15. (NEW) (*Effective July 1, 2010, and applicable to taxable years commencing on or after January 1, 2010*) (a) As used in this section:

(1) "Angel investor" means an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential

Substitute House Bill No. 5435

investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business, but "angel investor" does not include (A) a person controlling fifty per cent or more of the Connecticut business invested in by the angel investor, (B) a venture capital company, or (C) any bank, bank and trust company, insurance company, trust company, national bank, savings association or building and loan association for activities that are a part of its normal course of business;

(2) "Cash investment" means the contribution of cash, at a risk of loss, to a qualified Connecticut business in exchange for qualified securities;

(3) "Connecticut business" means any business with its principal place of business in Connecticut that is engaged in bioscience, advanced materials, photonics, information technology, clean technology or any other emerging technology as determined by the Commissioner of Economic and Community Development;

(4) "Bioscience" means manufacturing pharmaceuticals, medicines, medical equipment or medical devices and analytical laboratory instruments, operating medical or diagnostic testing laboratories, or conducting pure research and development in life sciences;

(5) "Advanced materials" means developing, formulating or manufacturing advanced alloys, coatings, lubricants, refrigerants, surfactants, emulsifiers or substrates;

(6) "Photonics" means generation, emission, transmission, modulation, signal processing, switching, amplification, detection and sensing of light from ultraviolet to infrared and the manufacture, research or development of opto-electronic devices, including, but not limited to, lasers, masers, fiber optic devices, quantum devices, holographic devices and related technologies;

Substitute House Bill No. 5435

(7) "Information technology" means software publishing, motion picture and video production, teleproduction and post-production services, telecommunications, data processing, hosting and related services, custom computer programming services, computer system design, computer facilities management services, other computer related services and computer training;

(8) "Clean technology" means the production, manufacture, design, research or development of clean energy, green buildings, smart grid, high-efficiency transportation vehicles and alternative fuels, environmental products, environmental remediation and pollution prevention; and

(9) "Qualified securities" means any form of equity, including a general or limited partnership interest, common stock, preferred stock, with or without voting rights, without regard to seniority position that must be convertible into common stock.

(b) There shall be allowed a credit against the tax imposed under chapter 229 of the general statutes, other than the liability imposed by section 12-707, for a cash investment of not less than one hundred thousand dollars in the qualified securities of a Connecticut business by an angel investor. The credit shall be in an amount equal to twenty-five per cent of such investor's cash investment, provided the total tax credits allowed to any angel investor shall not exceed two hundred fifty thousand dollars. The credit shall be claimed in the taxable year in which such cash investment is made by the angel investor and shall not be transferable.

(c) To qualify for a tax credit pursuant to this section, a cash investment shall be in a Connecticut business that (1) has been approved as a qualified Connecticut business pursuant to subsection (d) of this section; (2) had annual gross revenues of less than one million dollars in the most recent income year of such business; (3) has

Substitute House Bill No. 5435

fewer than twenty-five employees, not less than seventy-five per cent of whom reside in this state; (4) has been operating in this state for less than seven consecutive years; (5) is primarily owned by the management of the business and their families; and (6) received less than two million dollars in cash investments eligible for the tax credits provided by this section.

(d) (1) A Connecticut business may apply to Connecticut Innovations, Incorporated, for approval as a Connecticut business qualified to receive cash investments eligible for a tax credit pursuant to this section. The application shall include (A) the name of the business and a copy of the organizational documents of such business, (B) a business plan, including a description of the business and the management, product, market and financial plan of the business, (C) a description of the business's innovative and proprietary technology, product or service, (D) a statement of the potential economic impact of the business, including the number, location and types of jobs expected to be created, (E) a description of the qualified securities to be issued and the amount of cash investment sought by the qualified Connecticut business, (F) a statement of the amount, timing and projected use of the proceeds to be raised from the proposed sale of qualified securities, and (G) such other information as the executive director of Connecticut Innovations, Incorporated, may require.

(2) Said executive director shall, on or before August 1, 2010, and monthly thereafter, compile a list of approved applications, categorized by the cash investments being sought by the qualified Connecticut business and type of qualified securities offered.

(e) (1) Any angel investor that intends to make a cash investment in a business on such list may apply to Connecticut Innovations, Incorporated, to reserve a tax credit in the amount indicated by such investor. The aggregate amount of all tax credits under this section that may be reserved by Connecticut Innovations, Incorporated, shall not

Substitute House Bill No. 5435

exceed six million dollars annually for the fiscal years commencing July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three million dollars in each fiscal year thereafter. Connecticut Innovations, Incorporated, shall not reserve tax credits under this section for any investment made on or after July 1, 2014.

(2) The amount of the credit allowed to any investor pursuant to this section shall not exceed the amount of tax due from such investor under chapter 229 of the general statutes, other than section 12-707 of the general statutes, with respect to such taxable year. Any tax credit that is claimed by the angel investor but not applied against the tax due under chapter 229 of the general statutes, other than the liability imposed under section 12-707 of the general statutes, may be carried forward for the five immediately succeeding taxable years until the full credit has been applied.

(f) If the angel investor is an S corporation or an entity treated as a partnership for federal income tax purposes, the tax credit may be claimed by the shareholders or partners of the angel investor. If the angel investor is a single member limited liability company that is disregarded as an entity separate from its owner, the tax credit may be claimed by such limited liability company's owner, provided such owner is a person subject to the tax imposed under chapter 229 of the general statutes.

(g) A review of the effectiveness of the credit under this section shall be conducted by Connecticut Innovations, Incorporated, by July 1, 2014. Such review shall be submitted to the joint standing committee of the General Assembly having cognizance of matters relating to commerce.

Sec. 16. (NEW) (*Effective July 1, 2010*) (a) There is established a task force to study ways in which state agencies and departments can reduce or eliminate duplicative procedures and the amount of paper

Substitute House Bill No. 5435

used and how, when practicable, technology can be employed to help in such reduction or elimination.

(b) The task force shall consist of twelve members, including the Commissioner of Administrative Services, the Chief Information Officer of the Department of Information Technology and the Secretary of the Office of Policy and Management, or their designees, and nine members who shall be corporate executives, economists, information technologists and represent any other interests deemed appropriate by the appointing authority: (1) Two members shall be appointed by the speaker of the House of Representatives; (2) two members shall be appointed by the president pro tempore of the Senate; (3) one member shall be appointed by the majority leader of the House of Representatives; (4) one member shall be appointed by the majority leader of the Senate; (5) one member shall be appointed by the minority leader of the House of Representatives; (6) one member shall be appointed by the minority leader of the Senate; and (7) one member shall be appointed by the Governor.

(c) All appointments of task force members shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such chairpersons shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(e) The members of the task force shall serve without compensation.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to government administration shall serve as administrative staff of the

Substitute House Bill No. 5435

task force.

(g) Not later than February 1, 2011, the task force shall submit a report electronically on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and government administration, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 17. Section 32-1c of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) In addition to any other powers, duties and responsibilities provided for in this chapter, chapter 131, chapter 579 and section 4-8 and subsection (a) of section 10-409, the commissioner shall have the following powers, duties and responsibilities: (1) To administer and direct the operations of the Department of Economic and Community Development; (2) to report annually to the Governor, as provided in section 4-60; (3) to conduct and administer the research and planning functions necessary to carry out the purposes of said chapters and sections; (4) to encourage and promote the development of industry and business in the state and to investigate, study and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Connecticut business, industry and commerce, within and outside the state; (5) to serve, ex officio as a director on the board of Connecticut Innovations, Incorporated; (6) to serve as a member of the Committee of Concern for Connecticut Jobs; (7) to promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose to cooperate with state and local agencies and individuals both within and outside the state; (8) to plan and conduct a program of information and publicity designed to attract tourists, visitors and other interested persons from outside the state to this state and also to encourage and

Substitute House Bill No. 5435

coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state for the same purposes; (9) to advise and cooperate with municipalities, persons and local planning agencies within the state for the purpose of promoting coordination between the state and such municipalities as to plans and development; (10) by reallocating funding from other agency accounts or programs, to assign adequate and available staff to provide technical assistance to businesses in the state in exporting, manufacturing and cluster-based initiatives and to provide guidance and advice on regulatory matters; (11) to provide all necessary staff, services, accounting and office space and equipment required by the Connecticut Development Authority subject to the provisions of section 4b-23, where real estate acquisitions are involved; [(11)] (12) to aid minority businesses in their development; [(12)] (13) to appoint such assistants, experts, technicians and clerical staff, subject to the provisions of chapter 67, as are necessary to carry out the purposes of said chapters and sections; [(13)] (14) to employ other consultants and assistants on a contract or other basis for rendering financial, technical or other assistance and advice; [(14)] (15) to acquire or lease facilities located outside the state subject to the provisions of section 4b-23; [(15)] (16) to advise and inform municipal officials concerning economic development and collect and disseminate information pertaining thereto, including information about federal, state and private assistance programs and services pertaining thereto; [(16)] (17) to inquire into the utilization of state government resources and coordinate federal and state activities for assistance in and solution of problems of economic development and to inform and advise the Governor about and propose legislation concerning such problems; [(17)] (18) to conduct, encourage and maintain research and studies relating to industrial and commercial development; [(18)] (19) to prepare and review model ordinances and charters relating to these areas; [(19)] (20) to maintain an inventory of data and information and act as a clearinghouse and referral agency for information on state and

Substitute House Bill No. 5435

federal programs and services relative to the purpose set forth herein. The inventory shall include information on all federal programs of financial assistance for defense conversion projects and other projects consistent with a defense conversion strategy and shall identify businesses which would be eligible for such assistance and provide notification to such business of such programs; [(20)] (21) to conduct, encourage and maintain research and studies and advise municipal officials about forms of cooperation between public and private agencies designed to advance economic development; [(21)] (22) to promote and assist the formation of municipal and other agencies appropriate to the purposes of this chapter; [(22)] (23) to require notice of the submission of all applications by municipalities and any agency thereof for federal and state financial assistance for economic development programs as relate to the purposes of this chapter; [(23)] (24) with the approval of the Commissioner of Administrative Services, to reimburse any employee of the department, including the commissioner, for reasonable business expenses, including but not limited to, mileage, travel, lodging, and entertainment of business prospects and other persons to the extent necessary or advisable to carry out the purposes of subdivisions (4), (7), (8) and (11) of this subsection and other provisions of this chapter; [(24)] (25) to assist in resolving solid waste management issues; [(25)] (26) (A) to serve as an information clearinghouse for various public and private programs available to assist businesses, (B) to identify specific micro businesses, as defined in section 32-344, whose growth and success could benefit from state or private assistance and contact such small businesses in order to (i) identify their needs, (ii) provide information about public and private programs for meeting such needs, including, but not limited to, technical assistance, job training and financial assistance, and (iii) arrange for the provision of such assistance to such businesses; [and (26)] (27) to enhance and promote the digital media and motion picture industries in the state; (28) by reallocating funding from other agency accounts or programs, to develop a marketing campaign that

Substitute House Bill No. 5435

promotes Connecticut as a place of innovation; and (29) by reallocating funding from other agency accounts or programs, to execute the steps necessary to implement the knowledge corridor agreement with Massachusetts to promote the biomedical device industry.

(b) The Commissioner of Economic and Community Development may make available technical and financial assistance and advisory services to any appropriate agency, authority or commission for planning and other functions pertinent to economic development provided any financial assistance to a regional planning agency or a regional council of elected officials shall have the prior approval of the Secretary of the Office of Policy and Management or his designee. Financial assistance shall be rendered upon such contractual arrangements as may be agreed upon by the commissioner and any such agency, authority or commission in accordance with their respective needs, and the commissioner may determine the qualifications of personnel or consultants to be engaged for such assistance.

(c) The Commissioner of Economic and Community Development [is authorized to] shall do all things necessary to apply for, qualify for and accept any federal funds made available or allotted under any federal act for planning or any other projects, programs or activities which may be established by federal law, for any of the purposes, or activities related thereto, of the Department of Economic and Community Development and said Commissioner of Economic and Community Development shall administer any such funds allotted to the department in accordance with federal law. The commissioner may enter into contracts with the federal government concerning the use and repayment of such funds under any such federal act, the prosecution of the work under any such contract and the establishment of any disbursement from a separate account in which federal and state funds estimated to be required for plan preparation or other

Substitute House Bill No. 5435

eligible activities under such federal act shall be kept. Said account shall not be a part of the General Fund of the state or any subdivision of the state. The commissioner shall report on activities to apply for, qualify for and accept funds under this subsection in its annual report submitted pursuant to section 32-1m, as amended by this act.

(d) The powers and duties enumerated in this section shall be in addition to and shall not limit any other powers or duties of the Commissioner of Economic and Community Development contained in any other law.

Sec. 18. Section 32-222 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

As used in sections 32-220 to 32-234, inclusive: (a) "Business development project" means a project undertaken by an eligible applicant involving one or more of the following:

(1) The construction, substantial renovation, improvement or expansion of a facility;

(2) The acquisition of new machinery and equipment;

(3) The acquisition, improvement, demolition, cultivation or disposition of real property, or combinations thereof, or the remediation of contaminated real property;

(4) The creation at a facility, within twenty-four months of the initiation of a hiring program, not less than ten new jobs or an increase in the number of persons employed at the facility of twenty per cent, whichever is greater;

(5) Economic diversification of the economy of an area of the state or manufacturing or other economic base business where such area or business is substantially reliant upon defense and related industry;

Substitute House Bill No. 5435

(6) Participation in the avoidance of an imminent plant closing or relocation by a manufacturing or other economic base business or assist or improve the economy of an area of the state which has been or is likely to be significantly and adversely impacted by one or more major plant closings or relocations;

(7) Support research and development or commercialization of technologies, products, processes or techniques of a manufacturing or other economic base business;

(8) Creation or support of organizations and activities specifically leveraging federal resources that provide technical and engineering assistance to small manufacturers or other economic base businesses to assist them with the design, testing, manufacture and marketing of new products, the exporting of state products and services, and the instruction and implementation of new techniques and technologies;

(9) Support of substantial workforce development efforts;

(10) Promotion of community conservation or development or improvement of the quality of life for urban residents of the state; [or]

(11) Promotion of the revitalization of underutilized, state-owned former railroad depots and areas adjacent to such depots; or

(12) Promotion of export activities, including sponsorship of programs that support exportation, assistance to companies in accessing federal Department of Commerce services, and provision of marketing materials and web site improvements for exporters;

(b) "Business support services" means activities related to a municipal development project or business development project which support the economic competitiveness of manufacturing or exporting or economic base businesses or which further the interests of the state, including, but not limited to, facilities and services related to day care,

Substitute House Bill No. 5435

job training, education, transportation, employee housing, energy conservation, pollution control and recycling, provided activities related to employee housing shall be limited to feasibility and implementation studies;

(c) "Commissioner" means the Commissioner of Economic and Community Development;

(d) "Economic base business" means a business that the commissioner determines will materially contribute to the economy of the state by creating or retaining jobs, exporting products or services beyond the state's boundaries, encouraging innovation in products or services, adding value to products or services or otherwise supporting or enhancing existing activities important to the economy of the state;

(e) "Economic cluster" means an economic cluster, as defined in section 32-4e, recognized by the commissioner;

(f) "Department" means the Department of Economic and Community Development;

(g) "Development plan" means a plan for a municipal development project prepared in accordance with the provisions of subsection (b) of section 32-223;

(h) "Eligible applicant" means any for-profit or nonprofit organization, or any combination thereof, any municipality, regional planning agency or any combination thereof and further provided, in the case of a loan made by the Connecticut Development Authority in which the department purchases a participation interest, "eligible applicant" means the for-profit or nonprofit organization, or any combination thereof, that will receive the proceeds of such loan;

(i) "Financial assistance" means grants, funds for the purchase of insurance policies and payment of deductibles for insurance policies to

Substitute House Bill No. 5435

cover remediation costs, extensions of credit, loans or loan guarantees, participation interests in loans made to eligible applicants by the Connecticut Development Authority or combinations thereof;

(j) "For-profit organization" means a for-profit partnership or sole proprietorship or corporation or limited liability company which is an economic base business or has a North American Industrial Classification code of 311111 through 339999 or 493110, 493120, 493130, 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any business that is part of an economic cluster, or any establishment or auxiliary or operating unit thereof, as defined in the North American Industrial Classification System Manual, which has demonstrated to the satisfaction of the commissioner that it has the qualifications, including financial qualifications, necessary to carry out a business development project;

(k) "Implementing agency" means one of the following agencies designated by a municipality under section 32-223: (1) An economic development commission, redevelopment agency; sewer authority or sewer commission; public works commission; water authority or water commission; port authority or port commission or harbor authority or harbor commission; parking authority or parking commission; (2) a nonprofit development corporation; or (3) any other agency designated and authorized by a municipality to undertake a project and approved by the commissioner;

(l) "Municipal development project" means a business development project through which real property is acquired by a municipality or implementing agency as part of such project;

(m) "Municipality" means a town, city, consolidated town and city

Substitute House Bill No. 5435

or consolidated town and borough;

(n) "Nonprofit organization" means a municipality or nonprofit corporation as defined in section 33-1002 and organized under the laws of this state and for purposes of this chapter includes any constituent unit of the state system of higher education;

(o) "Planning commission" means a planning and zoning commission designated pursuant to section 8-4a or a planning commission created pursuant to section 8-19;

(p) "Project" means a municipal development project or business development project;

(q) "Project area" means the area within which a municipal development project or business development project is located;

(r) "Real property" means land, buildings and other structures and improvements thereto, subterranean or subsurface right, any and all easements, air rights and franchises of any kind or nature;

(s) "Site and infrastructure improvements" means improvements to: (1) Sanitary sewer facilities; (2) natural gas pipes, electric, telephone and telecommunications conduits and other facilities and waterlines and water supply facilities, except for any such pipes, wires, conduits, waterlines or any such pipes, wires, conduits, waterlines or facilities which a public service company, as defined in section 16-1, water company, as defined in section 25-32a, or municipal utility is required to install pursuant to any provision of the general statutes or any special act, regulation or order of the Department of Public Utility Control or a certificate of public convenience and necessity; (3) storm drainage facilities, including facilities to control flooding; (4) site grading, landscaping, environmental improvements, including remediation of contaminated sites, parking facilities, roadways and related appurtenances; (5) railroad spurs; (6) public port or docking

Substitute House Bill No. 5435

facilities; and (7) such other related improvements necessary or appropriate to carry out the project;

(t) "State" means the state of Connecticut;

(u) "Targeted investment community" means a municipality which contains an enterprise zone designated pursuant to section 32-70;

(v) "Total project cost" means costs of any kind or nature relating to the planning, implementation and completion of a municipal or business development project;

(w) "Legislative body" means (1) the board of selectmen in a town that does not have a charter, special act or home rule ordinance relating to its government, or (2) the council, board of aldermen, representative town meeting, board of selectmen or other elected legislative body described in a charter, special act or home rule ordinance relating to its government in a city, consolidated town and city, consolidated town and borough or a town having a charter, special act, consolidation ordinance or home rule ordinance relating to its government.

Sec. 19. (NEW) (*Effective July 1, 2010*) (a) There is established a Connecticut Competitiveness Council which shall consist of the following members: The Governor or the Governor's designee; five representatives of business, holding the title of chief executive officer, president, chief operating officer or the equivalent of the foregoing designations, drawn from key industry clusters and firms of small, medium and large capitalization, three of whom shall be appointed by the Governor, one of whom shall be appointed by the minority leader of the House of Representatives and one of whom shall be appointed by the minority leader of the Senate; the speaker of the House of Representatives or his or her designee; the majority leader of the House of Representatives or his or her designee; the minority leader of

Substitute House Bill No. 5435

the House of Representatives or his or her designee; the president pro tempore of the Senate or his or her designee; the majority leader of the Senate or his or her designee; the minority leader of the Senate or his or her designee; two representatives of organized labor, one of whom shall be appointed by the speaker of the House of Representatives and one of whom shall be appointed by the president pro tempore of the Senate; two representatives of academic institutions, one of whom shall be appointed by the majority leader of the House of Representatives and one of whom shall be appointed by the majority leader of the Senate; the Commissioners of Developmental Services, Transportation and Higher Education; the Labor Commissioner and the director of the Office of Workforce Competitiveness.

(b) Appointed members of the council shall serve for four-year terms which shall commence October 1, 2010, except that members first appointed shall have the following terms: Members initially appointed by the Governor and members appointed by the majority leader of the House of Representatives and the minority leader of the House of Representatives shall serve a term of two years, and members appointed by the speaker of the House of Representatives, the president pro tempore of the Senate, the majority leader of the Senate and the minority leader of the Senate shall initially serve a term of four years. The appointing authority shall fill any vacancy by appointment for the unexpired portion of the term vacated. A majority of the council shall constitute a quorum for the transaction of any business. The members of the council shall serve without compensation, except for necessary expenses incurred in performing their duties.

(c) The Governor shall appoint a chairperson of the council.

(d) The council shall have the following powers and duties: (1) Encourage and assist private sector industry cluster activation and effectiveness; (2) advise and assist the executive and legislative

Substitute House Bill No. 5435

branches of state government and the private sector on matters relating to economic competitiveness, industry cluster and economic development; (3) monitor, assess and evaluate the activation and effectiveness of industry clusters in the state; (4) develop a medium and long-term strategy to enhance the development and economic competitiveness of industry-driven clusters in the state; (5) recommend definitions of industry clusters; (6) obtain from any executive branch department, board, commission or other agency of the state such assistance and data as necessary to carry out the purposes of this section; (7) solicit, receive and accept aid, grants or contributions from any source of money, property or labor or other things of value, to be held, used and applied to carry out the purposes of this section, subject to the conditions upon which such grants and contributions may be made, including, but not limited to, gifts or grants from any department or agency of the United States or the state; and (8) perform such other acts as may be necessary and appropriate to carry out the objectives and purposes of this section.

(e) The council shall meet at least quarterly.

(f) Not later than January 1, 2011, and annually thereafter, the council shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the Governor, the Commissioner of Economic and Community Development and the joint standing committee of the General Assembly having cognizance of matters relating to commerce on the competitiveness of the state's industry and economy.

Sec. 20. Section 32-717 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The Commissioner of Economic and Community Development, the chairperson of Connecticut Innovations, Incorporated, the president of The University of Connecticut and the chairperson of the

Substitute House Bill No. 5435

Connecticut Development Authority, or their respective designees, shall prepare, within available appropriations, and in consultation with the [Governor's] Connecticut Competitiveness Council, the Commissioner of Education, the Commissioner of Higher Education, the chancellor of the community-technical college system, the director of the Office of Workforce Competitiveness and any other agencies and leading technology-focused organizations deemed appropriate by the Commissioner of Economic and Community Development, recommendations for an implementation plan and budget to establish an Innovation Network that will include the following: (1) The creation of endowed chairs and the hiring of leading academic professionals in targeted fields based on core competencies to work at universities, state colleges and community colleges, in collaboration with other technology initiatives; (2) the focused and aggressive solicitation of and leveraged partnership with federal research funds; (3) increased corporate-sponsored research; (4) the establishment of at least one innovation accelerator, linked to universities and involving corporations and start-up enterprises focused on advanced technology and leveraging the efforts underway by the Connecticut Center for Advanced Technology in the Hartford area; (5) the strengthening of technology transfer and entrepreneurship activities at universities in the state; (6) incentives and financial support for collaborative research between universities and industry or federally sponsored technology centers; (7) the creation of linkages to angel networks; and (8) the creation of linkages to incubators in Connecticut. Said plan shall also include provisions for the utilization of existing resources, including, but not limited to, Connecticut Innovations, Incorporated, the Connecticut Development Authority, The University of Connecticut and the Office of Workforce Competitiveness.

(b) Not later than January 1, 2006, the Commissioner of Economic and Community Development, in consultation with the chairperson of Connecticut Innovations, Incorporated, the president of The University

Substitute House Bill No. 5435

of Connecticut and the chairperson of the Connecticut Development Authority, shall develop an implementation plan for the Innovation Network, within available resources, and submit said plan and budget to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to economic development, education and labor, in accordance with the provisions of section 11-4a.

Sec. 21. (*Effective July 1, 2010*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate one million three hundred thousand dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Labor Department for the mortgage crisis job training program, established in section 31-3nn of the general statutes.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission,

Substitute House Bill No. 5435

in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 22. Section 32-236 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) In furtherance of the economic development of the state, the Department of Economic and Community Development may provide financial assistance under sections 32-220 to 32-235, inclusive, to a financial institution, [as defined in section 12-217u,] which has not less than two thousand qualified employees, determined in accordance with [subsections (d) and (e) of said section 12-217u] subsection (c) of this section, at a facility or facilities located in a municipality in this state with a population greater than one hundred thousand. The provisions of section 32-462 shall not apply to such assistance.

(b) For purposes of this section:

(1) "Financial institution" means (A) any bank, holding company or out-of-state bank, as those terms are defined in section 36a-2, or out-of-state holding company, as that term is defined in section 36a-410, which directly or indirectly establishes an office in the state and is subject to the supervision of or regulation by the Banking Commissioner pursuant to title 36a or by one or more federal banking agencies pursuant to applicable federal law, and (B) any establishment described in major group 61 or 62 in the Standard Industrial Classification Manual, United States Office of Management and

Substitute House Bill No. 5435

Budget, 1987 edition, or in Subsector 522 or 523 in the North American Industrial Classification System, United States Manual, United States Office of Management and Budget, 1997 edition, as engaged primarily in the extending of credit in the form of loans or the underwriting, purchase, sale or brokerage of securities and other financial contracts on their own account or for the account of others, and exchanges, exchange clearinghouses and other services allied with the exchange of securities and commodities or a holding company controlling any such establishment.

(2) "Qualified employee" means an individual whose compensation is paid within this state and who is (A) is employed directly by the financial institution or a related person and who works an average of at least thirty-five hours per week for at least eight consecutive weeks for such financial institution or related person, (B) an independent contractor of the financial institution or of a related person and who works an average of at least thirty-five hours per week for at least eight consecutive weeks for such financial institution or related person, or (C) an employee or principal of a company other than the financial institution or a related person if (i) such individual works an average of at least thirty-five hours per week for at least eight consecutive weeks providing services to the financial institution or a related person, and (ii) such company derives not less than eighty per cent of its gross revenues from the financial institution, one or more related persons or a combination thereof. "Qualified employee" shall not include any individual who would have satisfied the criteria of a qualified employee prior to the date that a proposal by the financial institution to create new positions in this state was approved by the commissioner; and (D) notwithstanding the provisions of subparagraphs (A) to (C), inclusive, of this subdivision, an individual is not a qualified employee if (i) the prior employer of such individual was a company other than the financial institution or a related person, (ii) compensation was paid in this state to such individual by such

Substitute House Bill No. 5435

employer, (iii) the individual was employed for an average of at least thirty-five hours per week and had been employed by such employer for at least eight consecutive weeks, and (iv) either (I) the individual is employed directly by the financial institution or a related person in which the prior employer had an ownership interest equal to ten per cent or more of the voting rights of the financial institution or related person at the time such individual became employed by the financial institution or related person, unless the position previously held by such individual with the prior employer has been filled by the prior employer; (II) the individual is employed directly by the financial institution or a related person which had an ownership interest equal to ten per cent or more of the voting rights of the prior employer at the time such individual became employed by the financial institution or related person, unless the position previously held by such individual with the prior employer has been filled by the prior employer; or (III) the prior employer of such individual was a company which was acquired directly or indirectly by, or merged or consolidated with, the financial institution or a related person and the individual was employed by that company at the date of such acquisition, merger or consolidation.

(3) "Related person" means a corporation, limited liability company, partnership, trust, association, unincorporated organization or similar organization that is controlled by the financial institution.

(4) "Control" with respect to a corporation means ownership of stock possessing at least fifty per cent of the total combined voting power of all classes of stock entitled to vote. "Control" with respect to a partnership, association or similar unincorporated organization means ownership of at least fifty per cent of the capital or profits interest in such partnership or association. "Control" with respect to a trust means ownership of at least fifty per cent of the beneficial interest in the principal or income of such trust. Ownership shall be determined as

Substitute House Bill No. 5435

provided in Section 267(c) of the Internal Revenue Code of 1986, as in effect on October 14, 1994, other than Paragraph (3) of said section.

(c) For purposes of determining the number and specification of qualified employees under this section, with respect to any taxpayer that has received financial assistance under this section, the dates, numbers and specifications shall be the dates, numbers and specifications provided in an agreement executed by the Commissioner of Economic and Community Development with such financial institution to provide financial assistance pursuant to this section. In no event shall the definition of qualified employee be more favorable to the employer than the definition provided in this section.

Sec. 23. Subdivision (59) of section 12-81 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(59) (a) Any manufacturing facility, as defined in section 32-9p, acquired, constructed, substantially renovated or expanded on or after July 1, 1978, in a distressed municipality, as defined in said section or in a targeted investment community, as defined in section 32-222, or in an enterprise zone designated pursuant to section 32-70 and for which an eligibility certificate has been issued by the Department of Economic and Community Development, and any manufacturing plant designated by the Commissioner of Economic and Community Development under subsection (a) of section 32-75c as follows: To the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the manufacturing facility is completed, except that a manufacturing facility having a standard industrial classification code of 2833 or 2834 and having at least one thousand full-time employees, as defined in subsection (f) of section 32-9j, shall be eligible to have the assessment period extended for five additional years upon approval of the

Substitute House Bill No. 5435

commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant;

(b) Any service facility, as defined in section 32-9p, acquired, constructed, substantially renovated or expanded on or after July 1, 1996, and for which an eligibility certificate has been issued by the Department of Economic and Community Development, as follows: (i) In the case of an investment of twenty million dollars or more but not more than thirty-nine million dollars in the service facility, to the extent of forty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (ii) in the case of an investment of more than thirty-nine million dollars but not more than fifty-nine million dollars in the service facility, to the extent of fifty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (iii) in the case of an investment of more than fifty-nine million dollars but not more than seventy-nine million dollars in the service facility, to the extent of sixty per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; (iv) in the case of an investment of more than seventy-nine million dollars but not more than ninety million dollars in the service facility, to the extent of seventy per cent of its valuation for purposes of assessment in each of the five full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed; or (v) in the case of an investment of more than ninety million dollars in the service facility, to the extent of eighty per cent of its valuation for purposes of assessment in each of the five

Substitute House Bill No. 5435

full assessment years following the assessment year in which the acquisition, construction, renovation or expansion of the service facility is completed, except that any financial institution, as defined in [section 12-217u] subsection (b) of section 32-236, as amended by this act, having at least four thousand qualified employees, as determined in accordance with an agreement pursuant to [subdivision (3) of subsection (n) of section 12-217u] subsection (c) of section 32-236, as amended by this act, shall be eligible to have the assessment period extended for five additional years upon approval of the commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant. In no event shall the definition of qualified employee be more favorable to the employer than the definition provided in section [12-217u] 32-236, as amended by this act;

(c) The completion date of a manufacturing facility, manufacturing plant or a service facility will be determined by the Department of Economic and Community Development taking into account the issuance of occupancy certificates and such other factors as it deems relevant. In the case of a manufacturing facility, manufacturing plant or a service facility which consists of a constructed, renovated or expanded portion of an existing plant, the assessed valuation of the facility or manufacturing plant is the difference between the assessed valuation of the plant prior to its being improved and the assessed valuation of the plant upon completion of the improvements. In the case of a manufacturing facility, manufacturing plant or a service facility which consists of an acquired portion of an existing plant, the assessed valuation of the facility or manufacturing plant is the assessed valuation of the portion acquired. This exemption shall be applicable during each such assessment year regardless of any change in the ownership or occupancy of the facility or manufacturing plant. If during any such assessment year, however, any facility for which an eligibility certificate has been issued ceases to qualify as a

Substitute House Bill No. 5435

manufacturing facility, manufacturing plant or a service facility, the entitlement to the exemption allowed by this subdivision shall terminate for the assessment year following the date on which the qualification ceases, and there shall not be a pro rata application of the exemption. Any person who desires to claim the exemption provided in this subdivision shall file annually with the assessor or board of assessors in the distressed municipality, targeted investment community or enterprise zone designated pursuant to section 32-70 in which the manufacturing facility or service facility is located, on or before the first day of November, written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k, and upon payment of the required fee for late filing;

Sec. 24. Subdivision (60) of section 12-81 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(60) (a) (1) Machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed in any manufacturing facility, as defined in section 32-9p, which facility is or has been constructed, or substantially renovated or expanded on or after July 1, 1978, in a distressed municipality or targeted investment community or enterprise zone designated pursuant to section 32-70 and for which an eligibility certificate has been issued by the Department of Economic and Community Development, concurrently with and directly attributable to such construction, renovation or expansion, (2) machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is

Substitute House Bill No. 5435

claimed and is installed, or machinery and equipment existing, in any manufacturing facility, as defined in section 32-9p, which facility is or has been acquired on or after July 1, 1978, in a distressed municipality, targeted investment community or enterprise zone designated pursuant to section 32-70 and for which an eligibility certificate has been issued by the Department of Economic and Community Development, and (3) machinery and equipment acquired and installed on or after October 1, 1986, in a manufacturing facility that is or has at one time been certified as eligible for the exemption under this subparagraph in accordance with section 32-9r, and which continues to be used for manufacturing purposes, provided such machinery and equipment is installed in conjunction with an expansion program that satisfies the requirements for a manufacturing facility, as defined in section 32-9p, and is contiguous to and represents an increase in square feet of floor space of not less than fifty per cent of the floor space in the certified manufacturing facility, as follows: To the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the manufacturing facility in which it is installed qualifies for an exemption under subdivision (59) of this section, except that a facility having a code classification 2833 or 2834 in the Standard Industrial Code Classification Manual, United States Office of Management and Budget, 1987 edition, wherein at least one thousand new full-time employees, as defined in subsection (f) of section 32-9j, are employed, shall be eligible to have the assessment period under this subdivision extended for five additional years upon approval of the commissioner, provided the commissioner approves an extension of the assessment period under subdivision (59) of this section for said facility;

(b) (1) Machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed in any service facility, as defined in section 32-9p, which facility is or has been constructed, or

Substitute House Bill No. 5435

substantially renovated or expanded on or after July 1, 1996, and for which an eligibility certificate has been issued by the Department of Economic and Community Development, concurrently with and directly attributable to such construction, renovation or expansion, (2) machinery and equipment which represents an addition to the assessment or grand list of the municipality in which this exemption is claimed and is installed, or machinery and equipment existing, in any service facility, as defined in section 32-9p, which facility is or has been acquired on or after July 1, 1996, and for which an eligibility certificate has been issued by the department, and (3) machinery and equipment acquired and installed on or after July 1, 1996, in a service facility that is or has at one time been certified as eligible for the exemption under this subparagraph in accordance with section 32-9r and which continues to be used for service purposes, provided such machinery and equipment is installed in conjunction with an expansion program that satisfies the requirements for a service facility, as defined in section 32-9p, and is contiguous to and represents an increase in square feet of floor space of not less than fifty per cent of the floor space in the certified service facility, as follows: (i) In the case of an investment of twenty million dollars or more but not more than thirty-nine million dollars in the service facility, to the extent of forty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; (ii) in the case of an investment of more than thirty-nine million dollars but not more than fifty-nine million dollars in the service facility, to the extent of fifty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; (iii) in the case of an investment of more than fifty-nine million dollars but not more than seventy-nine million dollars in the service facility, to the extent of sixty per cent of its valuation for purposes of assessment in each of the five full assessment years for

Substitute House Bill No. 5435

which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; (iv) in the case of an investment of more than seventy-nine million dollars but not more than ninety million dollars in the service facility, to the extent of seventy per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section; or (v) in the case of an investment of more than ninety million dollars in the service facility, to the extent of eighty per cent of its valuation for purposes of assessment in each of the five full assessment years for which the service facility in which it is installed qualifies for an exemption under subdivision (59) of this section, except that any financial institution, as defined in section [12-217u] 32-236, as amended by this act, having at least four thousand qualified employees, as determined in accordance with an agreement pursuant to [subdivision (3) of subsection (n) of section 12-217u] subsection (c) of section 32-236, as amended by this act, shall be eligible to have the assessment period extended for five additional years upon approval of the commissioner, in accordance with all applicable regulations, provided such full-time employees have not been relocated from another facility in the state operated by the same eligible applicant. In no event shall the definition of qualified employee be more favorable to the employer than the definition provided in section [12-217u] 32-236, as amended by this act;

(c) This exemption shall terminate for the assessment year next following if the manufacturing facility or service facility in which such machinery and equipment is installed no longer qualifies for an exemption under said subdivision (59), and there shall not be a pro rata application of the exemption of such machinery and equipment in the assessment year of such termination. Any person who desires to claim the exemption provided in this subdivision shall file annually with the assessor or board of assessors in the distressed municipality, targeted investment community or enterprise zone designated

Substitute House Bill No. 5435

pursuant to section 32-70 in which the manufacturing facility or service facility is located, on or before the first day of November, written application claiming such exemption on a form prescribed by the Secretary of the Office of Policy and Management. Failure to file such application in this manner and form within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year, unless an extension of time is allowed pursuant to section 12-81k, and upon payment of the required fee for late filing. This exemption shall not apply to rolling stock;

Sec. 25. Subsection (a) of section 10-228b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The Commissioner of Revenue Services shall grant a credit against any tax due under the provisions of chapter 207, 208, 209, 210, 211 or 212, in any income year commencing prior to January 1, 2014, for the donation to a local or regional board of education or a public or nonpublic school of new computers or used computers that are not more than two years old at the time of the donation in accordance with this section. The amount of the credit shall not exceed fifty per cent of the fair market value of the new or used computer at the time of donation as described in this section.

Sec. 26. Subsection (b) of section 12-217u of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(b) [There] In any income year commencing prior to January 1, 2014, there shall be allowed a credit against the tax imposed on a financial institution not to exceed fifty per cent of the amount of such tax, provided the aggregate amount of the credit that may be taken under this subsection shall in no event exceed one hundred twenty million dollars over the period for which it is allowed and provided further

Substitute House Bill No. 5435

the total amount of credit allowed in any qualified income year shall not exceed the aggregate amount as determined in accordance with the employment requirements for such year under subsection (c) of this section, reduced by the amount of credit previously allowed, but in no event shall the amount be below zero. The credit shall be allowed in the initial qualified year and in each of the nine consecutive income years thereafter which is a subsequent qualified year.

Sec. 27. Subsection (f) of section 12-217u of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(f) (1) [There] In any income year commencing prior to January 1, 2014, there shall be allowed a credit against the tax imposed on a financial institution for an additional five-year period if the financial institution (A) employs an average of at least three thousand qualified employees in the tenth income year after the initial qualified year and during each subsequent income year for which the credit is claimed; and (B) has been issued a certificate by the commissioner under subsection (g) of this section. The credit allowed under this subsection may be claimed each year for five consecutive income years beginning with the tenth income year after the initial qualified year.

(2) The amount of the credit allowed by this subsection shall equal twenty-five per cent of the tax imposed on a financial institution provided the aggregate amount of the credit that may be taken under this subsection and subsection (b) of this section may not exceed one hundred forty-five million dollars.

Sec. 28. Subsection (b) of section 12-217cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(b) [There] In any income year commencing prior to January 1, 2014,

Substitute House Bill No. 5435

there shall be allowed as a credit against the tax imposed by this chapter in any income year an amount equal to the amount paid during such income year by a small business to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing from the federal Small Business Administration, provided the credit shall not reduce the tax in any income year below any minimum tax required under this chapter.

Sec. 29. (NEW) (*Effective July 1, 2010*) The Department of Economic and Community Development shall establish and implement a pilot program to assist eligible manufacturing companies in converting their operations into green manufacturing facilities or in implementing energy efficiency measures by using lean manufacturing strategies. Eligible companies shall (1) be principally located in Connecticut, and (2) have not more than two hundred fifty employees, not less than seventy-five per cent of whom work in Connecticut. The department may contract with an independent third party to provide services to such eligible manufacturing companies, which shall include, but not be limited to, improving programmatic or service outcomes by increasing operational efficiencies, reducing nonvalue-added activities and waste in business practices and processes, and engaging management and employees in practices to enhance the delivery of services.

Sec. 30. (*Effective July 1, 2010*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate five hundred thousand dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by the Department of Economic and Community Development for the purpose of a pilot program for green manufacturing established pursuant to section 29 of this act.

Substitute House Bill No. 5435

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 31. Section 32-1m of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) Not later than February 1, 2006, and annually thereafter, the Commissioner of Economic and Community Development shall submit a report to the Governor and the General Assembly, in accordance with the provisions of section 11-4a. Not later than thirty

Substitute House Bill No. 5435

days after submission of the report to the Governor and the General Assembly, said commissioner shall post the report on the Department of Economic and Community Development's web site. Said report shall include, but not be limited to, the following information with regard to the activities of the Department of Economic and Community Development during the preceding state fiscal year:

(1) A brief description and assessment of the state's economy during such year, utilizing the most recent and reasonably available data, and including:

(A) Connecticut employment by industry;

(B) Connecticut and national average unemployment;

(C) Connecticut gross state product, by industry;

(D) Connecticut productivity, by industry, compared to the national average;

(E) Connecticut manufacturing activity;

(F) Identification of economic and competitive conditions affecting Connecticut's industry sectors, problems resulting from these conditions and state efforts to address the problems;

(G) A brief summary of Connecticut's competitiveness as a place for business, which shall include, but not be limited to, an evaluation of (i) how the programs and policies of state government affect the state economy and state business environment, (ii) the ability of the state to retain and attract businesses, (iii) the steps taken by other states to improve the competitiveness of such states as places for business, and (iv) programs and policies the state could implement to improve the competitiveness of the state in order to encourage economic growth; and

Substitute House Bill No. 5435

(H) Any other economic information that the commissioner deems appropriate.

(2) A statement of the department's economic and community development objectives, measures of program success and standards for granting financial and nonfinancial assistance under programs administered by the department.

(3) An analysis of the economic development portfolio of the department, including:

(A) A list of the names, addresses and locations of all recipients of the department's assistance;

(B) The following information concerning each recipient of such assistance: (i) Business activities, (ii) standard industrial classification codes or North American industrial classification codes, (iii) number of full-time jobs and part-time jobs at the time of application, (iv) number of actual full-time jobs and actual part-time jobs during the preceding state fiscal year, (v) whether the recipient is a minority or woman-owned business, (vi) a summary of the terms and conditions for the assistance, including the type and amount of state financial assistance, job creation or retention requirements and anticipated wage rates, (vii) the amount of investments from private and other nonstate sources that have been leveraged by the assistance, (viii) the extent to which employees of the recipient participate in health benefit plans offered by such recipient, (ix) the extent to which the recipient offers unique economic, social, cultural or aesthetic attributes to the municipality in which the recipient is located or to the state, and (x) the amount of state investment;

(C) A portfolio analysis, including (i) an analysis of the wages paid by recipients of financial assistance, (ii) the average portfolio wage, median portfolio wage, highest and lowest portfolio wage, (iii)

Substitute House Bill No. 5435

portfolio wage data by industry, and (iv) portfolio wage data by municipality;

(D) An investment analysis, including (i) total portfolio value, (ii) total investment by industry, (iii) portfolio dollar per job average, (iv) portfolio leverage ratio, and (v) percentage of financial assistance which was provided to high performance work organizations in the preceding state fiscal year; and

(E) An analysis of the estimated economic effects of the department's economic development investments on the state's economy, including (i) contribution to gross state product for the total economic development portfolio and for any investment activity occurring in the preceding state fiscal year, (ii) direct and indirect employment created by the investments for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (iii) productivity of recipients of financial assistance as a result of the department's investment occurring in the preceding state fiscal year, (iv) directly or indirectly increased property values in the municipalities in which the recipients of assistance are located, and (v) personal income.

(4) An analysis of the community development portfolio of the department, including:

(A) A list of the names, addresses and locations of all recipients of the department's assistance;

(B) The following information concerning each recipient of such assistance: (i) Amount of state investment, (ii) a summary of the terms and conditions for the department's assistance, including the type and amount of state financial assistance, and (iii) the amount of investments from private and other nonstate sources that have been leveraged by such assistance;

Substitute House Bill No. 5435

(C) An investment analysis, including (i) total active portfolio value, (ii) total investments made in the preceding state fiscal year, (iii) total portfolio by municipality, (iv) total investments made in the preceding state fiscal year categorized by municipality, (v) total portfolio leverage ratio, and (vi) leverage ratio of the total investments made in the preceding state fiscal year; and

(D) An analysis of the estimated economic effects of the department's economic development investments on the state's economy, including (i) contribution to gross state product for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (ii) direct and indirect employment created by the investments for the total portfolio and for any investment activity occurring in the preceding state fiscal year, (iii) productivity of recipients of financial assistance as a result of the department's investment occurring in the preceding state fiscal year, (iv) directly or indirectly increased property values in the municipalities in which the recipients are located, and (v) personal income.

(5) A summary of the department's economic and community development marketing efforts in the preceding state fiscal year, a summary of the department's business recruitment strategies and activities in such year, and a summary of the department's efforts to assist small businesses and minority business enterprises in such year.

(6) A summary of the department's international trade efforts in the preceding state fiscal year, and, to the extent possible, a summary of foreign direct investment that occurred in the state in such year.

(7) Identification of existing economic clusters, the formation of new economic clusters, the measures taken by the commissioner during the preceding state fiscal year to encourage the growth of economic clusters and the amount of bond funds expended by the department during the previous fiscal year on each economic cluster.

Substitute House Bill No. 5435

(8) (A) A summary of the department's brownfield-related efforts and activities within the Office of Brownfield Remediation and Development established pursuant to subsections (a) to (f), inclusive, of section 32-9cc in the preceding state fiscal year, except for activity under the Special Contaminated Property Remediation and Insurance Fund program. Such efforts shall include, but not be limited to, (i) total portfolio investment in brownfield remediation projects, (ii) total investment in brownfield remediation projects in the preceding state fiscal year, (iii) total number of brownfield remediation projects, (iv) total number of brownfield remediation projects in the preceding state fiscal year, (v) total of reclaimed and remediated acreage, (vi) total of reclaimed and remediated acreage in the preceding state fiscal year, (vii) leverage ratio for the total portfolio investment in brownfield remediation projects, and (viii) leverage ratio for the total portfolio investment in brownfield remediation projects in the preceding state fiscal year. Such summary shall include a list of such brownfield remediation projects and, for each such project, the name of the developer and the location by street address and municipality and a tracking of all funds administered through or by said office;

(B) A summary of the department's efforts with regard to the Special Contaminated Property Remediation and Insurance Fund, including, but not limited to, (i) the number of applications received in the preceding state fiscal year, (ii) the number and amounts of loans made in such year, (iii) the names of the applicants for such loans, (iv) the average time period between submission of application and the decision to grant or deny the loan, (v) a list of the applications approved and the applications denied and the reasons for such denials, and (vi) for each project, the location by street address and municipality; and

(C) A summary of the department's efforts with regard to the dry cleaning grant program, established pursuant to section 12-263m,

Substitute House Bill No. 5435

including, but not limited to, (i) information as to the number of applications received, (ii) the number and amounts of grants made since the inception of the program, (iii) the names of the applicants, (iv) the time period between submission of application and the decision to grant or deny the loan, (v) which applications were approved and which applications were denied and the reasons for any denials, and (vi) a recommendation as to whether the surcharge and grant program established pursuant to section 12-263m should continue.

(9) The following information concerning enterprise zones designated under section 32-70:

(A) A statement of the current goals for enterprise zones;

(B) A statement of the current performance standards to measure the progress of municipalities that have enterprise zones in attaining the goals for such zones;

(C) A report from each municipality that has an enterprise zone, which evaluates the progress of the municipality in meeting the performance standards established under section 32-70a; and

(D) An assessment of the performance of each enterprise zone based on information collected under subparagraph (C) of this subdivision.

(10) With regard to the grant program designated pursuant to sections 32-324a to 32-324e, inclusive, an assessment of program performance.

(11) With regard to the fuel diversification program designated pursuant to section 32-324g, an assessment of program performance.

(12) With regard to the department's housing-development-related functions and activities:

Substitute House Bill No. 5435

(A) A brief description and assessment of the state's housing market during the preceding state fiscal year, utilizing the most recent and reasonably available data, and including, but not limited to, (i) a brief description of the significant characteristics of such market, including supply, demand and condition and cost of housing, and (ii) any other information that the commissioner deems appropriate;

(B) A comprehensive assessment of current and future needs for rental assistance under section 8-119kk for housing projects for the elderly and disabled, in consultation with the Connecticut Housing Finance Authority;

(C) An analysis of the progress of the public and private sectors toward meeting housing needs in the state, using building permit data from the United States Census Bureau and demolition data from Connecticut municipalities;

(D) A list of municipalities that meet the affordable housing criteria set forth in subsection (k) of section 8-30g, pursuant to regulations that the Commissioner of Economic and Community Development shall adopt pursuant to the provisions of chapter 54. For the purpose of determining the percentage required by subsection (k) of said section 8-30g, the commissioner shall use as the denominator the number of dwelling units in the municipality, as reported in the most recent United States decennial census; and

(E) A statement of the department's housing development objectives, measures of program success and standards for granting financial and nonfinancial assistance under programs administered by said commissioner.

(13) A presentation of the state-funded housing development portfolio of the department, including:

(A) A list of the names, addresses and locations of all recipients of

Substitute House Bill No. 5435

such assistance; and

(B) For each such recipient, (i) a summary of the terms and conditions for the assistance, including the type and amount of state financial assistance, (ii) the amount of investments from private and other nonstate sources that have been leveraged by the assistance, (iii) the number of new units to be created and the number of units to be preserved at the time of the application, and (iv) the number of actual new units created and number of units preserved.

(14) An analysis of the state-funded housing development portfolio of the department, including:

(A) An investment analysis, including the (i) total active portfolio value, (ii) total investment made in the preceding state fiscal year, (iii) portfolio dollar per new unit created, (iv) estimated dollars per new unit created for projects receiving an assistance award in the preceding state fiscal year, (v) portfolio dollars per unit preserved, (vi) estimated dollar per unit preserved for projects receiving an assistance award in the preceding state fiscal year, (vii) portfolio leverage ratio, and (viii) leverage ratio for housing development investments made in the preceding state fiscal year; and

(B) A production and preservation analysis, including (i) the total number of units created, itemized by municipality, for the total portfolio and projects receiving an assistance award in the preceding state fiscal year, (ii) the total number of elderly units created for the total portfolio and for projects receiving an assistance award in the preceding state fiscal year, (iii) the total number of family units created for the total portfolio and for projects receiving an assistance award in the preceding state fiscal year, (iv) the total number of units preserved, itemized by municipality, for the total portfolio and projects receiving an assistance award in the preceding state fiscal year, (v) the total number of elderly units preserved for the total portfolio and for

Substitute House Bill No. 5435

projects receiving an assistance award in the preceding state fiscal year, (vi) the total number of family units preserved for the total portfolio and for projects receiving an assistance award in the preceding state fiscal year, (vii) an analysis by income group of households served by the department's housing construction, substantial rehabilitation, purchase and rental assistance programs, for each housing development, if applicable, and for each program, including number of households served under each program by race and data for all households, and (viii) a summary of the department's efforts in promoting fair housing choice and racial and economic integration, including data on the racial composition of the occupants and persons on the waiting list of each housing project that is assisted under any housing program established by the general statutes or a special act or that is supervised by the department, provided no information shall be required to be disclosed by any occupant or person on a waiting list for the preparation of such summary. As used in this subparagraph, "elderly units" means dwelling units for which occupancy is restricted by age, and "family units" means dwelling units for which occupancy is not restricted by age.

(15) An economic impact analysis of the department's housing development efforts and activities, including, but not limited to:

(A) The contribution of such efforts and activities to the gross state product;

(B) The direct and indirect employment created by the investments for the total housing development portfolio and for any investment activity for such portfolio occurring in the preceding state fiscal year; and

(C) Personal income in the state.

(16) With regard to the Housing Trust Fund and Housing Trust

Substitute House Bill No. 5435

Fund program, as those terms are defined in section 8-336m:

(A) Activities for the prior fiscal year of the Housing Trust Fund and the Housing Trust Fund program; and

(B) The efforts of the department to obtain private support for the Housing Trust Fund and the Housing Trust Fund program.

(17) With regard to the department's energy conservation loan program:

(A) The number of loans or deferred loans made during the preceding fiscal year under each component of such program and the total amount of the loans or deferred loans made during such fiscal year under each such component;

(B) A description of each step of the loan or deferred loan application and review process;

(C) The location of each loan or deferred loan application intake site for such program;

(D) The average time period for the processing of loan or deferred loan applications during such fiscal year; and

(E) The total administrative expenses of such program for such fiscal year.

(18) An assessment of the performance of the Connecticut qualified biodiesel producer incentive account grant program established pursuant to sections 32-324a to 32-324e, inclusive.

(19) An assessment of the performance of the fuel diversification grant program established pursuant to section 32-324g.

(20) A summary of the total social and economic impact of the

Substitute House Bill No. 5435

department's efforts and activities in the areas of economic, community and housing development, and an assessment of the department's performance in terms of meeting its stated goals and objectives.

(21) With regard to the Connecticut Credit Consortium established pursuant to section 6 of this act, a summary of the activity of such program, including, but not limited to, the number of loans and lines of credit applied for and approved, the size of the businesses, the amount of the loans or lines of credit, and the amount repaid to date.

(b) Any annual report that is required from the department by any provision of the general statutes shall be incorporated into the annual report provided pursuant to subsection (a) of this section.

Sec. 32. (NEW) (*Effective from passage*) The Office of Fiscal Analysis, created pursuant to section 2-71c of the general statutes, shall evaluate what resources it would need to include information in fiscal notes to evaluate potential impact on public and private sector jobs. Such resources may include, but not be limited to, equipment, software, expertise and personnel. On or before December 1, 2010, the office shall report the results of its evaluation to the Office of Legislative Management.

Approved May 6, 2010