



General Assembly

Substitute Bill No. 5347

February Session, 2010

* _____ HB05347PRIF IN031210 _____ *

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE
CONCERNING THE REVIEW, REPEAL AND MODIFICATION OF
CERTAIN TAX CREDITS.**

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

1 Section 1. Section 12-217ii of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage and*
3 *applicable to income or taxable years, as appropriate, commencing on or after*
4 *January 1, 2011*):

5 (a) As used in this section:

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

8 (2) "Income year" means, with respect to entities subject to the
9 insurance premiums tax under chapter 207, the corporation business
10 tax under this chapter or the utilities company tax under chapter 212,
11 the income year as determined under each of said chapters, as the case
12 may be or, with respect to affected business entities, the taxable year as
13 determined under chapter 229;

14 (3) "Taxpayer" means a person subject to tax under chapter 207, this
15 chapter or chapter 212, or an affected business entity, as defined in
16 section 12-284b;

17 (4) "New job" means a full-time job which (A) did not exist in this
18 state prior to a taxpayer's application to the commissioner for an
19 eligibility certificate under this section for a job creation credit, and (B)
20 is filled by a new employee;

21 (5) "New employee" means a person hired by the taxpayer to fill a
22 new full-time job. A new employee does not include a person who was
23 employed in Connecticut by a related person with respect to the
24 taxpayer during the prior twelve months;

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

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

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

49 (b) (1) There is established a jobs creation tax credit program
50 whereby a taxpayer who creates [at least ten] a new [jobs] job in
51 Connecticut may be allowed a credit against the tax imposed under
52 chapter 207, this chapter, [or] chapter 212 or chapter 229, in an amount
53 up to [sixty per cent of the income tax deducted and withheld from the
54 wages of new employees and paid over to the state pursuant to
55 chapter 229] fifteen per cent of the wages paid to a new employee,
56 provided such new job provides the employee with health care
57 benefits and wages greater than or equal to eighty per cent of the state
58 median income.

59 (2) For each new employee, [credits] a maximum annual credit of
60 four thousand dollars may be granted for [five] three successive years.
61 Such credit shall be issued in installments over three years.

62 (3) The credit shall be claimed in the income year in which it is
63 earned. Any credits not used in a tax year shall expire.

64 (c) (1) Any taxpayer planning to claim a credit under the provisions
65 of this section shall apply to the commissioner in accordance with the
66 provisions of this section. Credits shall be issued on a first-come, first-
67 served basis. The application shall be on a form provided by the
68 commissioner, and shall contain sufficient information [concerning the
69 number of new jobs to be created, feasibility studies or business plans
70 for the increased number of jobs, projected state and local revenue that
71 might derive as a result of the job growth and other information
72 necessary to demonstrate that there will be net benefits to the economy
73 of the municipality and the state] to confirm that a job was created
74 meeting the requirements in subdivision (1) of subsection (b) of this
75 section, and a state resident was hired. The commissioner [shall] may
76 impose a fee for such application as the commissioner deems
77 appropriate.

78 [(d) The commissioner shall determine whether (1) the taxpayer
79 making the application is eligible for the tax credit, and (2) the
80 proposed job growth (A) is economically viable only with use of the

81 tax credit, (B) would provide a net benefit to economic development
82 and employment opportunities in the state, and (C) conforms to the
83 state plan of conservation and development prepared pursuant to
84 section 16a-24. The commissioner may require the applicant to submit
85 such additional information as may be necessary to evaluate the
86 application.

87 (e) (1) The commissioner, upon consideration of the application and
88 any additional information the commissioner requires, may approve
89 the credit application, in whole or in part, if the commissioner
90 concludes that the increase in the number of jobs is economically
91 viable only with the use of the tax credit and that the revenue
92 generated due to economic development and employment
93 opportunities created in the state exceeds the credit and any other
94 credits to be taken. If the commissioner disapproves an application, the
95 commissioner shall specifically identify the defects in the application
96 and specifically explain the reasons for the disapproval. The
97 commissioner shall render a decision on an application not later than
98 ninety days after the date of its receipt by the commissioner.]

99 (2) The total amount of credits granted to all taxpayers shall not
100 exceed [ten] twenty-five million dollars in any one fiscal year.

101 (3) A credit under this section may be granted to a taxpayer for not
102 more than [five] three successive income years.

103 (4) The commissioner may combine approval of a credit application
104 with the exercise of any of the commissioner's other powers, including,
105 but not limited to, the provision of other forms of financial assistance.

106 [(f)] (d) Upon approving a taxpayer's credit application, the
107 commissioner shall issue a credit allocation notice certifying that the
108 credits will be available to be claimed by the taxpayer if the taxpayer
109 otherwise meets the requirements of this section. No later than thirty
110 days after the close of the taxpayer's income year, the taxpayer shall
111 provide information to the commissioner regarding (1) the number of

112 new jobs created for the year and the [income tax deducted and
113 withheld from the wages of such new employees and paid over to the
114 state for such year] wages paid for each new job, and (2) confirmation
115 that such new employees receive health benefits. The commissioner
116 shall issue a certificate of eligibility that includes the taxpayer's name,
117 the number of new jobs created, and the amount of the credit certified
118 for the year. The certificate shall be issued by the commissioner sixty
119 days after the close of the taxpayer's income year or thirty days after
120 the information is provided, whichever comes first.

121 [(g)] (e) The commissioner shall, upon request, provide a copy of the
122 certificate of eligibility issued under subsection [(f)] (d) of this section
123 to the Commissioner of Revenue Services.

124 [(h)] (f) (1) If (A) the number of new employees on account of which
125 a taxpayer claimed the credit allowed by this section decreases to less
126 than the number for which the commissioner issued an eligibility
127 certificate during any of the four years succeeding the first full income
128 year following the issuance of an eligibility certificate, and (B) those
129 employees are not replaced by other employees who have not been
130 shifted from an existing location of the taxpayer or a related person in
131 this state, the taxpayer shall be required to recapture a percentage of
132 the credit allowed under this section on its tax return, as determined
133 under the provisions of subdivision (2) of this subsection. The
134 commissioner shall provide notice of the required recapture amount to
135 both the taxpayer and the Commissioner of Revenue Services.

136 (2) If the taxpayer is required under the provisions of subdivision
137 (1) of this subsection to recapture a portion of the credit during (A) the
138 first of such four years, then ninety per cent of the credit allowed shall
139 be recaptured on the tax return required to be filed for such year, (B)
140 the second of such four years, then sixty-five per cent of the credit
141 allowed for the entire period of eligibility shall be recaptured on the
142 tax return required to be filed for such year, (C) the third of such four
143 years, then fifty per cent of the credit allowed for the entire period of
144 eligibility shall be recaptured on the tax return required to be filed for

145 such year, and (D) the fourth of such four years, then thirty per cent of
146 the credit allowed for the entire period of eligibility shall be recaptured
147 on the tax return required to be filed for such year.

148 (g) No taxpayer claiming the tax credit under this section with
149 respect to a new job or new employee may claim any credit against any
150 tax under any other provision of the general statutes with respect to
151 the same new job or new employee.

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

156 (b) (1) The Department of Economic and Community Development
157 shall administer a system of tax credit vouchers within the resources,
158 requirements and purposes of this section for eligible production
159 companies producing a state-certified qualified production in the state.

160 (A) For income years commencing on or after January 1, 2006, but
161 prior to January 1, 2010, any eligible production company incurring
162 production expenses or costs in excess of fifty thousand dollars shall be
163 eligible for a credit against the tax imposed under chapter 207 or this
164 chapter equal to thirty per cent of such production expenses or costs.

165 (B) For income years commencing on or after January 1, 2010, (i) any
166 eligible production company incurring production expenses or costs of
167 not less than one hundred thousand dollars, but not more than five
168 hundred thousand dollars, shall be eligible for a credit against the tax
169 imposed under chapter 207 or this chapter equal to ten per cent of such
170 production expenses or costs, (ii) any such company incurring such
171 expenses or costs of more than five hundred thousand dollars, but not
172 more than one million dollars, shall be eligible for a credit against the
173 tax imposed under chapter 207 or this chapter equal to fifteen per cent
174 of such production expenses or costs, and (iii) any such company
175 incurring such expenses or costs of more than one million dollars shall

176 be eligible for a credit against the tax imposed under chapter 207 or
177 this chapter equal to [thirty] twenty per cent of such production
178 expenses or costs.

179 (C) No eligible production company incurring an amount of
180 production expenses or costs that qualifies for such credit shall be
181 eligible for such credit unless on or after January 1, 2010, such
182 company conducts not less than fifty per cent of principal photography
183 days within the state or expends not less than fifty per cent of
184 postproduction costs within the state.

185 (D) (i) For income years commencing on or after January 1, 2009, but
186 prior to January 1, 2010, fifty per cent of production expenses or costs
187 shall be counted toward such credit when incurred outside the state
188 and used within the state, and one hundred per cent of such expenses
189 or costs shall be counted toward such credit when incurred within the
190 state and used within the state.

191 (ii) For income years commencing on or after January 1, 2010, no
192 expenses or costs incurred outside the state and used within the state
193 shall be eligible for a credit, and one hundred per cent of such
194 expenses or costs shall be counted toward such credit when incurred
195 within the state and used within the state.

196 Sec. 3. Subsection (b) of section 12-217kk of the 2010 supplement to
197 the general statutes is repealed and the following is substituted in lieu
198 thereof (*Effective from passage and applicable to income years commencing*
199 *on or after January 1, 2010*):

200 (b) (1) (A) For income years commencing prior to January 1, 2010,
201 there shall be allowed a state-certified project credit against the tax
202 imposed under chapter 207 or this chapter to any taxpayer that invests
203 in a state-certified project. Such credit may be in the following
204 amounts: (i) For state-certified projects costing greater than fifteen
205 thousand dollars and less than one hundred fifty thousand dollars,
206 each taxpayer may be allowed a tax credit of ten per cent of the

207 investment made by such taxpayer; (ii) for state-certified projects
208 costing one hundred fifty thousand dollars or more, but less than one
209 million dollars, each taxpayer may be allowed a tax credit of fifteen per
210 cent of the investment made by such taxpayer; and (iii) for state-
211 certified projects costing one million dollars or more, each taxpayer
212 may be allowed a tax credit of twenty per cent of the investment made
213 by such taxpayer.

214 (B) For income years commencing on or after January 1, 2010, there
215 shall be allowed a state-certified project credit against the tax imposed
216 under chapter 207 or this chapter to any taxpayer that invests three
217 million dollars or more in a state-certified project in an amount equal
218 to [twenty] thirty per cent of the investment made by such taxpayer.

219 (2) Eligible expenditures pursuant to this section shall include the
220 following: All expenditures for a capital project to provide buildings,
221 facilities or installations, whether leased or purchased, together with
222 necessary equipment for a film, video, television, digital production
223 facility or digital animation production facility; project development,
224 including design, professional consulting fees and transaction costs;
225 development, preproduction, production, post-production and
226 distribution equipment and system access; and fixtures and other
227 equipment.

228 (3) Any credit allowed pursuant to this section may be sold,
229 assigned or otherwise transferred, in whole or in part, to one or more
230 taxpayers, and such taxpayers may sell, assign or otherwise transfer, in
231 whole or in part, such credit. Any taxpayer holding such credit may
232 claim such credit only for the income year in which expenditures were
233 made by the taxpayer for the infrastructure project.

234 (4) Any credit allowed pursuant to this section shall be claimed
235 against the tax imposed under chapter 207 or this chapter. If the
236 amount of the credit allowable under this section exceeds the sum of
237 any taxes due from a taxpayer, any such excess amount of the credit
238 allowable under this section may be taken in any of the three

239 immediately succeeding income years.

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

241 Sec. 4. Subsection (a) of section 32-1m of the 2010 supplement to the
242 general statutes is amended by adding subdivision (21) as follows
243 (*Effective from passage*):

244 (NEW) (21) With regard to any new or existing financial assistance
245 programs administered by the department, including, but not limited
246 to, the urban and industrial site reinvestment program established
247 pursuant to section 32-9t, the tax credit programs established pursuant
248 to sections 12-217jj to 12-217ll, inclusive, the jobs incentive program
249 established pursuant to sections 32-9i to 32-9l, inclusive, and enterprise
250 zones established pursuant to section 32-70:

251 (A) Information as required in subparagraphs (A) and (B) of
252 subdivision (3) of this subsection regarding the entities receiving the
253 tax credits provided as part of such new or existing financial assistance
254 programs;

255 (B) A listing, by program, of the amount of tax credits approved by
256 the department during the preceding calendar year;

257 (C) A statement of the goals of each of the programs, the actual
258 economic impact and the current performance standards to ensure that
259 the tax credits provided are furthering such goals; and

260 (D) A recommendation as to whether each such new or existing
261 financial assistance program should be continued, modified or
262 repealed. Such recommendation shall be presented to the Business Tax
263 Credit and Tax Policy Review Committee established pursuant to
264 section 12-217z.

265 Sec. 5. Subsection (j) of section 38a-88a of the general statutes is
266 repealed and the following is substituted in lieu thereof (*Effective July*
267 *1, 2010, and applicable to income or taxable years, as applicable, commencing*

268 on or after January 1, 2010):

269 (j) The tax credit allowed by this section shall only be available for
270 investments in funds that are not open to additional investments or
271 investors beyond the amount subscribed at the formation of the fund.
272 No credits shall be allowed under this section for investments in any
273 fund created on or after July 1, 2000. No credit shall be allowed under
274 this section for investments made in an insurance business through
275 such fund after [December 31, 2015] January 1, 2011.

276 Sec. 6. (NEW) (*Effective from passage*) On or before December 31,
277 2010, and annually thereafter, the Commissioner of Revenue Services
278 shall, in accordance with the provisions of section 11-4a of the general
279 statutes, provide a report to the Business Tax Credit and Tax Policy
280 Review Committee established pursuant to section 12-217z of the
281 general statutes summarizing and evaluating all tax credit programs
282 administered by the Department of Revenue Services. Such report
283 shall include, but need not be limited to, for each tax credit program
284 (1) the number of taxpayers granted tax credits during the previous
285 twelve-month period, (2) the amount of the tax credits granted, (3) a
286 summary of the goals of each tax credit program, the actual economic
287 impact and an analysis of whether the goals of each such program are
288 being met, and (4) a recommendation as to whether each of such
289 programs should be continued, modified or repealed.

290 Sec. 7. Section 32-236 of the general statutes is repealed and the
291 following is substituted in lieu thereof (*Effective from passage*):

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

300 provisions of section 32-462 shall not apply to such assistance.

301 (b) For purposes of this section:

302 (1) "Financial institution" means (A) any bank, holding company or
303 out-of-state bank, as those terms are defined in section 36a-2, or out-of-
304 state holding company, as that term is defined in section 36a-410,
305 which directly or indirectly establishes an office in the state and is
306 subject to the supervision of or regulation by the Banking
307 Commissioner pursuant to title 36a or by one or more federal banking
308 agencies pursuant to applicable federal law, and (B) any establishment
309 described in major group 61 or 62 in the Standard Industrial
310 Classification Manual, United States Office of Management and
311 Budget, 1987 edition, or in Subsector 522 or 523 in the North American
312 Industrial Classification System, United States Manual, United States
313 Office of Management and Budget, 1997 edition, as engaged primarily
314 in the extending of credit in the form of loans or the underwriting,
315 purchase, sale or brokerage of securities and other financial contracts
316 on their own account or for the account of others, and exchanges,
317 exchange clearinghouses and other services allied with the exchange of
318 securities and commodities or a holding company controlling any such
319 establishment.

320 (2) "Qualified employee" means an individual whose compensation
321 is paid within this state and who is (A) is employed directly by the
322 financial institution or a related person and who works an average of
323 at least thirty-five hours per week for at least eight consecutive weeks
324 for such financial institution or related person, (B) an independent
325 contractor of the financial institution or of a related person and who
326 works an average of at least thirty-five hours per week for at least eight
327 consecutive weeks for such financial institution or related person, or
328 (C) an employee or principal of a company other than the financial
329 institution or a related person if (i) such individual works an average
330 of at least thirty-five hours per week for at least eight consecutive
331 weeks providing services to the financial institution or a related
332 person, and (ii) such company derives not less than eighty per cent of

333 its gross revenues from the financial institution, one or more related
334 persons or a combination thereof. "Qualified employee" shall not
335 include any individual who would have satisfied the criteria of a
336 qualified employee prior to the date that a proposal by the financial
337 institution to create new positions in this state was approved by the
338 commissioner; and (D) notwithstanding the provisions of
339 subparagraphs (A) to (C), inclusive, of this subdivision, an individual
340 is not a qualified employee if (i) the prior employer of such individual
341 was a company other than the financial institution or a related person,
342 (ii) compensation was paid in this state to such individual by such
343 employer, (iii) the individual was employed for an average of at least
344 thirty-five hours per week and had been employed by such employer
345 for at least eight consecutive weeks, and (iv) either (I) the individual is
346 employed directly by the financial institution or a related person in
347 which the prior employer had an ownership interest equal to ten per
348 cent or more of the voting rights of the financial institution or related
349 person at the time such individual became employed by the financial
350 institution or related person, unless the position previously held by
351 such individual with the prior employer has been filled by the prior
352 employer; (II) the individual is employed directly by the financial
353 institution or a related person which had an ownership interest equal
354 to ten per cent or more of the voting rights of the prior employer at the
355 time such individual became employed by the financial institution or
356 related person, unless the position previously held by such individual
357 with the prior employer has been filled by the prior employer; or (III)
358 the prior employer of such individual was a company which was
359 acquired directly or indirectly by, or merged or consolidated with, the
360 financial institution or a related person and the individual was
361 employed by that company at the date of such acquisition, merger or
362 consolidation.

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

366 (4) "Control" with respect to a corporation means ownership of
367 stock possessing at least fifty per cent of the total combined voting
368 power of all classes of stock entitled to vote. "Control" with respect to a
369 partnership, association or similar unincorporated organization means
370 ownership of at least fifty per cent of the capital or profits interest in
371 such partnership or association. "Control" with respect to a trust means
372 ownership of at least fifty per cent of the beneficial interest in the
373 principal or income of such trust. Ownership shall be determined as
374 provided in Section 267(c) of the Internal Revenue Code of 1986, as in
375 effect on October 14, 1994, other than Paragraph (3) of said Section 267.

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

385 Sec. 8. Subdivision (59) of section 12-81 of the 2010 supplement to
386 the general statutes is repealed and the following is substituted in lieu
387 thereof (*Effective from passage*):

388 (59) (a) Any manufacturing facility, as defined in section 32-9p,
389 acquired, constructed, substantially renovated or expanded on or after
390 July 1, 1978, in a distressed municipality, as defined in said section or
391 in a targeted investment community, as defined in section 32-222, or in
392 an enterprise zone designated pursuant to section 32-70 and for which
393 an eligibility certificate has been issued by the Department of
394 Economic and Community Development, and any manufacturing
395 plant designated by the Commissioner of Economic and Community
396 Development under subsection (a) of section 32-75c as follows: To the
397 extent of eighty per cent of its valuation for purposes of assessment in
398 each of the five full assessment years following the assessment year in

399 which the acquisition, construction, renovation or expansion of the
400 manufacturing facility is completed, except that a manufacturing
401 facility having a standard industrial classification code of 2833 or 2834
402 and having at least one thousand full-time employees, as defined in
403 subsection (f) of section 32-9j, shall be eligible to have the assessment
404 period extended for five additional years upon approval of the
405 commissioner, in accordance with all applicable regulations, provided
406 such full-time employees have not been relocated from another facility
407 in the state operated by the same eligible applicant;

408 (b) Any service facility, as defined in section 32-9p, acquired,
409 constructed, substantially renovated or expanded on or after July 1,
410 1996, and for which an eligibility certificate has been issued by the
411 Department of Economic and Community Development, as follows: (i)
412 In the case of an investment of twenty million dollars or more but not
413 more than thirty-nine million dollars in the service facility, to the
414 extent of forty per cent of its valuation for purposes of assessment in
415 each of the five full assessment years following the assessment year in
416 which the acquisition, construction, renovation or expansion of the
417 service facility is completed; (ii) in the case of an investment of more
418 than thirty-nine million dollars but not more than fifty-nine million
419 dollars in the service facility, to the extent of fifty per cent of its
420 valuation for purposes of assessment in each of the five full assessment
421 years following the assessment year in which the acquisition,
422 construction, renovation or expansion of the service facility is
423 completed; (iii) in the case of an investment of more than fifty-nine
424 million dollars but not more than seventy-nine million dollars in the
425 service facility, to the extent of sixty per cent of its valuation for
426 purposes of assessment in each of the five full assessment years
427 following the assessment year in which the acquisition, construction,
428 renovation or expansion of the service facility is completed; (iv) in the
429 case of an investment of more than seventy-nine million dollars but
430 not more than ninety million dollars in the service facility, to the extent
431 of seventy per cent of its valuation for purposes of assessment in each
432 of the five full assessment years following the assessment year in

433 which the acquisition, construction, renovation or expansion of the
434 service facility is completed; or (v) in the case of an investment of more
435 than ninety million dollars in the service facility, to the extent of eighty
436 per cent of its valuation for purposes of assessment in each of the five
437 full assessment years following the assessment year in which the
438 acquisition, construction, renovation or expansion of the service
439 facility is completed, except that any financial institution, as defined in
440 [section 12-217u] subsection (b) of section 32-236, as amended by this
441 act, having at least four thousand qualified employees, as determined
442 in accordance with an agreement pursuant to [subdivision (3) of
443 subsection (n) of section 12-217u] subsection (c) of section 32-236, as
444 amended by this act, shall be eligible to have the assessment period
445 extended for five additional years upon approval of the commissioner,
446 in accordance with all applicable regulations, provided such full-time
447 employees have not been relocated from another facility in the state
448 operated by the same eligible applicant. In no event shall the definition
449 of qualified employee be more favorable to the employer than the
450 definition provided in section [12-217u] 32-236, as amended by this act;

451 (c) The completion date of a manufacturing facility, manufacturing
452 plant or a service facility will be determined by the Department of
453 Economic and Community Development taking into account the
454 issuance of occupancy certificates and such other factors as it deems
455 relevant. In the case of a manufacturing facility, manufacturing plant
456 or a service facility which consists of a constructed, renovated or
457 expanded portion of an existing plant, the assessed valuation of the
458 facility or manufacturing plant is the difference between the assessed
459 valuation of the plant prior to its being improved and the assessed
460 valuation of the plant upon completion of the improvements. In the
461 case of a manufacturing facility, manufacturing plant or a service
462 facility which consists of an acquired portion of an existing plant, the
463 assessed valuation of the facility or manufacturing plant is the assessed
464 valuation of the portion acquired. This exemption shall be applicable
465 during each such assessment year regardless of any change in the
466 ownership or occupancy of the facility or manufacturing plant. If

467 during any such assessment year, however, any facility for which an
468 eligibility certificate has been issued ceases to qualify as a
469 manufacturing facility, manufacturing plant or a service facility, the
470 entitlement to the exemption allowed by this subdivision shall
471 terminate for the assessment year following the date on which the
472 qualification ceases, and there shall not be a pro rata application of the
473 exemption. Any person who desires to claim the exemption provided
474 in this subdivision shall file annually with the assessor or board of
475 assessors in the distressed municipality, targeted investment
476 community or enterprise zone designated pursuant to section 32-70 in
477 which the manufacturing facility or service facility is located, on or
478 before the first day of November, written application claiming such
479 exemption on a form prescribed by the Secretary of the Office of Policy
480 and Management. Failure to file such application in this manner and
481 form within the time limit prescribed shall constitute a waiver of the
482 right to such exemption for such assessment year, unless an extension
483 of time is allowed pursuant to section 12-81k, and upon payment of the
484 required fee for late filing;

485 Sec. 9. Subdivision (60) of section 12-81 of the 2010 supplement to
486 the general statutes is repealed and the following is substituted in lieu
487 thereof (*Effective from passage*):

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

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

528 (b) (1) Machinery and equipment which represents an addition to
529 the assessment or grand list of the municipality in which this
530 exemption is claimed and is installed in any service facility, as defined
531 in section 32-9p, which facility is or has been constructed, or
532 substantially renovated or expanded on or after July 1, 1996, and for
533 which an eligibility certificate has been issued by the Department of

534 Economic and Community Development, concurrently with and
535 directly attributable to such construction, renovation or expansion, (2)
536 machinery and equipment which represents an addition to the
537 assessment or grand list of the municipality in which this exemption is
538 claimed and is installed, or machinery and equipment existing, in any
539 service facility, as defined in section 32-9p, which facility is or has been
540 acquired on or after July 1, 1996, and for which an eligibility certificate
541 has been issued by the department, and (3) machinery and equipment
542 acquired and installed on or after July 1, 1996, in a service facility that
543 is or has at one time been certified as eligible for the exemption under
544 this subparagraph in accordance with section 32-9r and which
545 continues to be used for service purposes, provided such machinery
546 and equipment is installed in conjunction with an expansion program
547 that satisfies the requirements for a service facility, as defined in
548 section 32-9p, and is contiguous to and represents an increase in
549 square feet of floor space of not less than fifty per cent of the floor
550 space in the certified service facility, as follows: (i) In the case of an
551 investment of twenty million dollars or more but not more than thirty-
552 nine million dollars in the service facility, to the extent of forty per cent
553 of its valuation for purposes of assessment in each of the five full
554 assessment years for which the service facility in which it is installed
555 qualifies for an exemption under subdivision (59) of this section; (ii) in
556 the case of an investment of more than thirty-nine million dollars but
557 not more than fifty-nine million dollars in the service facility, to the
558 extent of fifty per cent of its valuation for purposes of assessment in
559 each of the five full assessment years for which the service facility in
560 which it is installed qualifies for an exemption under subdivision (59)
561 of this section; (iii) in the case of an investment of more than fifty-nine
562 million dollars but not more than seventy-nine million dollars in the
563 service facility, to the extent of sixty per cent of its valuation for
564 purposes of assessment in each of the five full assessment years for
565 which the service facility in which it is installed qualifies for an
566 exemption under subdivision (59) of this section; (iv) in the case of an
567 investment of more than seventy-nine million dollars but not more
568 than ninety million dollars in the service facility, to the extent of

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

588 (c) This exemption shall terminate for the assessment year next
589 following if the manufacturing facility or service facility in which such
590 machinery and equipment is installed no longer qualifies for an
591 exemption under said subdivision (59), and there shall not be a pro
592 rata application of the exemption of such machinery and equipment in
593 the assessment year of such termination. Any person who desires to
594 claim the exemption provided in this subdivision shall file annually
595 with the assessor or board of assessors in the distressed municipality,
596 targeted investment community or enterprise zone designated
597 pursuant to section 32-70 in which the manufacturing facility or service
598 facility is located, on or before the first day of November, written
599 application claiming such exemption on a form prescribed by the
600 Secretary of the Office of Policy and Management. Failure to file such
601 application in this manner and form within the time limit prescribed
602 shall constitute a waiver of the right to such exemption for such

603 assessment year, unless an extension of time is allowed pursuant to
 604 section 12-81k, and upon payment of the required fee for late filing.
 605 This exemption shall not apply to rolling stock;

606 Sec. 10. Sections 10-228b, 12-217l, 12-217u and 12-217cc of the
 607 general statutes are repealed. (*Effective from passage and applicable to*
 608 *income years commencing on or after January 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011</i>	12-217ii
Sec. 2	<i>from passage and applicable to income years commencing on or after January 1, 2010</i>	12-217jj(b)(1)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2010</i>	12-217kk(b)
Sec. 4	<i>from passage</i>	32-1m(a)
Sec. 5	<i>July 1, 2010, and applicable to income or taxable years, as applicable, commencing on or after January 1, 2010</i>	38a-88a(j)
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	32-236
Sec. 8	<i>from passage</i>	12-81(59)
Sec. 9	<i>from passage</i>	12-81(60)
Sec. 10	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	Repealer section

PRI

Joint Favorable Subst. C/R

FIN

