



General Assembly

February Session, 2010

Raised Bill No. 5435

LCO No. 1996

01996_____CE_

Referred to Committee on Commerce

Introduced by:

(CE)

**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:

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

9 (b) Connecticut Innovations, Incorporated, shall establish a program
10 to provide preseed funding for Connecticut businesses, which shall
11 include, but not be limited to, funding for proof of concepts. The
12 program shall also provide support services to high-potential
13 entrepreneurs. The corporation shall enter into an agreement, pursuant
14 to chapter 55a of the general statutes, with a nonprofit corporation
15 providing services and resources to entrepreneurs and businesses to
16 operate such program.

17 Sec. 2. (*Effective July 1, 2010*) (a) For the purposes described in
18 subsection (b) of this section, the State Bond Commission shall have
19 the power, from time to time, to authorize the issuance of bonds of the
20 state in one or more series and in principal amounts not exceeding in
21 the aggregate twelve million dollars.

22 (b) The proceeds of the sale of said bonds, to the extent of the
23 amount stated in subsection (a) of this section, shall be used by
24 Connecticut Innovations, Incorporated, for the purpose of providing
25 preseed funding pursuant to the program established in section 1 of
26 this act.

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

50 due.

51 Sec. 3. (NEW) (*Effective July 1, 2010, and applicable to taxable years*
52 *commencing on or after January 1, 2010*) (a) As used in this section:

53 (1) "Angel investor" or "investor" means an accredited investor, as
54 defined by the Securities and Exchange Commission, who may seek
55 active involvement, such as consulting and mentoring, in a business,
56 but "angel investor" or "investor" does not include (A) persons
57 controlling fifty per cent or more of the Connecticut business invested
58 in by the angel investor or investor, (B) a venture capital company, or
59 (C) any bank, bank and trust company, insurance company, trust
60 company, national bank, savings association or building and loan
61 association for activities that are a part of its normal course of business;

62 (2) "Cash investment" means money or money equivalent in
63 consideration for qualified securities;

64 (3) "Connecticut business" means any business owned by an
65 individual or a partnership, association or corporation, and domiciled
66 in Connecticut, or any corporation, even if a wholly-owned subsidiary
67 of a foreign corporation, that does business primarily in Connecticut,
68 or does substantially all of such business's production in Connecticut;

69 (4) "Qualified securities" means (A) any form of equity, including a
70 general or limited partnership interest, common stock, preferred stock,
71 with or without voting rights, without regard to seniority position and
72 whether or not convertible into common stock, any form of
73 subordinate or convertible debt, or both, with warrants or other means
74 of equity conversion attached, or (B) a debt instrument, including a
75 note or debenture that is secured or unsecured, subordinated to the
76 general creditors of the debtor and requiring no payments of principal,
77 other than principal payments required to be made out of any future
78 profits of the debtor, for at least a seven-year period after
79 commencement of such debt instrument's term.

80 (b) There shall be allowed a credit against the tax imposed under
81 chapter 229 of the general statutes for a cash investment in the
82 qualified securities of a Connecticut business by an angel investor. The
83 credit shall be in an amount equal to twenty-five per cent of such
84 investor's cash investment, provided no credit shall be greater than one
85 hundred twenty-five thousand dollars. The credit shall be taken in the
86 year in which such cash investment is made by the angel investor.

87 (c) To be a cash investment qualifying for a tax credit pursuant to
88 this section, such investment shall be in a Connecticut business that (1)
89 has been approved as a qualified Connecticut business pursuant to
90 subsection (d) of this section; (2) had annual gross revenues of less
91 than five million dollars in the most recent income year of such
92 business; (3) has fewer than twenty-five employees, more than half of
93 whom reside in this state; (4) has been operating in this state for less
94 than ten consecutive years; (5) is primarily owned by the management
95 of the business and their families; and (6) received less than four
96 million dollars in cash investments eligible for the tax credits provided
97 by this section. No investor may claim a credit pursuant to this section
98 for cash investments in Connecticut Innovations, Incorporated.

99 (d) (1) A Connecticut business may apply to Connecticut
100 Innovations, Incorporated, for approval as a Connecticut business
101 qualified to receive cash investments eligible for tax credits pursuant to
102 this section. The application shall include (A) the name of the business
103 and a copy of the organizational documents of such business, (B) a
104 business plan, including a description of the business and the
105 management, product, market and financial plan of the business, (C) a
106 description of the business's innovative and proprietary technology,
107 product or service, (D) a statement of the potential economic impact of
108 the business, including the number, location and types of jobs expected
109 to be created, (E) a description of the qualified securities to be issued,
110 the consideration to be paid for the qualified securities, the amount of
111 any tax credits requested and the earliest year in which such tax credits
112 may be redeemed, (F) a statement of the amount, timing and projected

113 use of the proceeds to be raised from the proposed sale of qualified
114 securities, and (G) such other information as the executive director of
115 Connecticut Innovations, Incorporated, may require.

116 (2) Said executive director shall, on or before August 1, 2010, and
117 monthly thereafter, compile a list of approved applications,
118 categorized by the estimated amount of tax credits and type of
119 qualified securities offered, submitted by qualified Connecticut
120 businesses.

121 (e) (1) Any angel investor that intends to provide a cash investment
122 to a business on such list may apply to the Commissioner of Revenue
123 Services to reserve a tax credit in the amount indicated by such
124 investor. The aggregate amount of all tax credits that may be reserved
125 by the Commissioner of Revenue Services shall not exceed six million
126 dollars annually for the fiscal years commencing July 1, 2010, to July 1,
127 2012, inclusive, and shall not exceed three million dollars in each fiscal
128 year thereafter. No credits may be allowed under this section on or
129 after July 1, 2020.

130 (2) The amount of the credit allowed to any investor pursuant to this
131 section shall not exceed the amount of tax due from such investor
132 under chapter 229 of the general statutes with respect to such taxable
133 year. Any tax credit not used in the taxable year during which the cash
134 investment was made may be carried forward for the five immediately
135 succeeding taxable years until the full credit has been allowed.

136 (3) Any credit allowed pursuant to this section may be sold,
137 assigned or otherwise transferred, in whole or in part, to one or more
138 taxpayers, and such taxpayers may sell, assign or otherwise transfer, in
139 whole or in part, such credit. If an investor sells, assigns or otherwise
140 transfers a credit to another taxpayer, the transferor and transferee
141 shall jointly submit written notification of such transfer to the
142 Commissioner of Revenue Services not later than thirty days after such
143 transfer. If such transferee sells, assigns or otherwise transfers a credit
144 under this section to a subsequent transferee, such transferee and such

145 subsequent transferee shall jointly submit written notification of such
146 transfer to the Commissioner of Revenue Services not later than thirty
147 days after such transfer. The notification after each transfer shall
148 include the credit certificate number, the date of transfer, the amount
149 of such credit transferred, the tax credit balance before and after the
150 transfer, the tax identification numbers for both the transferor and the
151 transferee, and any other information required by the Commissioner of
152 Revenue Services. Failure to comply with this subdivision shall result
153 in a disallowance of the tax credit until there is full compliance on the
154 part of the transferor and the transferee and for a second transfer, on
155 the part of the transferee, and the subsequent transferee.

156 (f) A review of the effectiveness of the credit shall be conducted by
157 Connecticut Innovations, Incorporated, by September 1, 2015. Such
158 review shall be submitted to the joint standing committee of the
159 General Assembly having cognizance of matters relating to commerce.

160 Sec. 4. Subsection (b) of section 32-35 of the 2010 supplement to the
161 general statutes is repealed and the following is substituted in lieu
162 thereof (*Effective October 1, 2010*):

163 (b) The corporation shall be governed by a board of fifteen directors.
164 Eight members shall be appointed by the Governor, (1) at least six of
165 whom shall be knowledgeable, and have favorable reputations for
166 skill, knowledge and experience, in the development of innovative
167 technology and technological processes including, but not limited to,
168 expertise in academic research, technology transfer and application,
169 the development of technological invention and new enterprise
170 development, and (2) one member shall be a member of an angel
171 investor group in the state. Three members shall be the Commissioner
172 of Economic and Community Development, the Commissioner of
173 Higher Education and the Secretary of the Office of Policy and
174 Management, who shall serve ex officio and shall have all of the
175 powers and privileges of a member of the board of directors. Each ex-
176 officio member may designate his deputy or any member of his staff to

177 represent him at meetings of the corporation with full power to act and
178 vote in his behalf. Four members shall be appointed as follows: One by
179 the president pro tempore of the Senate, one by the minority leader of
180 the Senate, one by the speaker of the House of Representatives and one
181 by the minority leader of the House of Representatives. Each member
182 appointed by the Governor shall serve at the pleasure of the Governor
183 but no longer than the term of office of the Governor or until the
184 member's successor is appointed and qualified, whichever is longer.
185 Each member appointed by a member of the General Assembly shall
186 serve in accordance with the provisions of section 4-1a. A director shall
187 be eligible for reappointment. The Governor shall fill any vacancy for
188 the unexpired term of a member appointed by the Governor. The
189 appropriate legislative appointing authority shall fill any vacancy for
190 the unexpired term of a member appointed by such authority.

191 Sec. 5. Section 32-41w of the general statutes is repealed and the
192 following is substituted in lieu thereof (*Effective October 1, 2010*):

193 (a) There is established an early-stage venture capital program to be
194 administered by Connecticut Innovations, Incorporated, to provide
195 preseed financing, seed financing, start-up financing, early or first-
196 stage financing and expansion financing to companies in the state and
197 to provide matching funds for the federal small business innovation
198 research program, as defined in subdivision (4) of section 32-344.

199 (b) In support of the program established in subsection (a) of this
200 section, the corporation and the Small Business Innovation Research
201 Office, established pursuant to subdivision (42) of section 32-39, as
202 amended by this act, shall establish criteria for awarding such
203 financing and shall develop and implement a plan to market the
204 program.

205 (c) The board of the corporation shall review and approve each
206 application for such financing.

207 (d) Funds provided for this section shall be allocated as follows: (1)

208 Not less than five per cent for preseed financing; (2) not less than ten
209 per cent for seed financing; (3) not less than ten per cent for start-up
210 financing; (4) not less than fifteen per cent for early or first stage
211 financing; [and] (5) not less than [forty] thirty per cent and not more
212 than [sixty] fifty per cent on expansion financing, as such terms are
213 defined in section 32-34; and (6) not less than ten per cent on matching
214 grants of fifty per cent not to exceed fifty thousand dollars per grant,
215 for the small business innovation research program. The corporation
216 shall use not more than three per cent of such funds for administration
217 and marketing of such financial aid.

218 (e) The corporation shall adopt procedures, pursuant to section 1-
219 121, to implement the provisions of this section.

220 Sec. 6. Section 32-39 of the 2010 supplement to the general statutes is
221 repealed and the following is substituted in lieu thereof (*Effective*
222 *October 1, 2010*):

223 The purposes of the corporation shall be to stimulate and encourage
224 the research and development of new technologies, businesses and
225 products, to encourage the creation and transfer of new technologies,
226 to assist existing businesses in adopting current and innovative
227 technological processes, to stimulate and provide services to industry
228 that will advance the adoption and utilization of technology, to
229 achieve improvements in the quality of products and services, to
230 stimulate and encourage the development and operation of new and
231 existing science parks and incubator facilities, and to promote science,
232 engineering, mathematics and other disciplines that are essential to the
233 development and application of technology within Connecticut by the
234 infusion of financial aid for research, invention and innovation in
235 situations in which such financial aid would not otherwise be
236 reasonably available from commercial or other sources, and for these
237 purposes the corporation shall have the following powers:

238 (1) To have perpetual succession as a body corporate and to adopt
239 bylaws, policies and procedures for the regulation of its affairs and

240 conduct of its businesses as provided in section 32-36;

241 (2) To enter into venture agreements with persons, upon such terms
242 and on such conditions as are consistent with the purposes of this
243 chapter, for the advancement of financial aid to such persons for the
244 research, development and application of specific technologies,
245 products, procedures, services and techniques, to be developed and
246 produced in this state, and to condition such agreements upon
247 contractual assurances that the benefits of increasing or maintaining
248 employment and tax revenues shall remain in this state and shall
249 accrue to it;

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

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

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

268 (6) To hold patents, copyrights, trademarks, marketing rights,
269 licenses, or any other evidences of protection or exclusivity as to any
270 products as defined herein, issued under the laws of the United States

271 or any state or any nation;

272 (7) To employ such assistants, agents and other employees as may
273 be necessary or desirable, which employees shall be exempt from the
274 classified service and shall not be employees, as defined in subsection
275 (b) of section 5-270; establish all necessary or appropriate personnel
276 practices and policies, including those relating to hiring, promotion,
277 compensation, retirement and collective bargaining, which need not be
278 in accordance with chapter 68, and the corporation shall not be an
279 employer as defined in subsection (a) of section 5-270; and engage
280 consultants, attorneys and appraisers as may be necessary or desirable
281 to carry out its purposes in accordance with this chapter;

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

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

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

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

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

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

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

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

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

313 (17) To enter into limited partnerships or other contractual
314 arrangements with private and public sector entities as the corporation
315 deems necessary to provide financial aid which shall be used to make
316 investments of seed venture capital in companies based in or
317 relocating to the state in a manner which shall foster additional capital
318 investment, the establishment of new businesses, the creation of new
319 jobs and additional commercially-oriented research and development
320 activity. The repayment of such financial aid shall be structured in
321 such manner as the corporation deems will best encourage private
322 sector participation in such limited partnerships or other
323 arrangements. The board of directors, executive director, officers and
324 staff of the corporation may serve as members of any advisory or other
325 board which may be established to carry out the purposes of this
326 subdivision;

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

329 (19) To advise the Governor, the General Assembly, the
330 Commissioner of Economic and Community Development and the
331 Commissioner of Higher Education on matters relating to science,

332 engineering and technology which may have an impact on state
333 policies, programs, employers and residents, and on job creation and
334 retention;

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

336 (21) To encourage and promote the establishment of and, within
337 available resources, to provide financial aid to advanced technology
338 centers;

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

343 (23) To conduct and encourage research and studies relating to
344 technological development;

345 (24) To provide technical or other assistance and, within available
346 resources, to provide financial aid to the Connecticut Academy of
347 Science and Engineering, Incorporated, in order to further the
348 purposes of this chapter;

349 (25) To recommend a science and technology agenda for the state
350 that will promote the formation of public and private partnerships for
351 the purpose of stimulating research, new business formation and
352 growth and job creation;

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

357 (27) To recommend state goals for technological development and
358 to establish policies and strategies for developing and assisting
359 technology-based companies and for attracting such companies to the
360 state;

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

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

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

370 (31) To promote science, engineering, mathematics and other
371 disciplines that are essential to the development and application of
372 technology;

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

375 (33) To develop a marketing campaign that promotes the state as a
376 place of innovation;

377 ~~[(33)]~~ (34) To do all acts and things necessary and convenient to
378 carry out the purposes of this chapter;

379 ~~[(34)]~~ (35) To accept from the department: (A) Financial assistance,
380 (B) revenues or the right to receive revenues with respect to any
381 program under the supervision of the department, and (C) loan assets
382 or equity interests in connection with any program under the
383 supervision of the department; to make advances to and reimburse the
384 department for any expenses incurred or to be incurred by it in the
385 delivery of such assistance, revenues, rights, assets, or interests; to
386 enter into agreements for the delivery of services by the corporation, in
387 consultation with the department, the Connecticut Housing Finance
388 Authority and the Connecticut Development Authority, to third
389 parties which agreements may include provisions for payment by the
390 department to the corporation for the delivery of such services; and to

391 enter into agreements with the department or with the Connecticut
392 Development Authority or Connecticut Housing Finance Authority for
393 the sharing of assistants, agents and other consultants, professionals
394 and employees, and facilities and other real and personal property
395 used in the conduct of the corporation's affairs;

396 [(35)] (36) To transfer to the department: (A) Financial assistance, (B)
397 revenues or the right to receive revenues with respect to any program
398 under the supervision of the corporation, and (C) loan assets or equity
399 interests in connection with any program under the supervision of the
400 corporation, provided the transfer of such financial assistance,
401 revenues, rights, assets or interests is determined by the corporation to
402 be practicable, within the constraints and not inconsistent with the
403 fiduciary obligations of the corporation imposed upon or established
404 upon the corporation by any provision of the general statutes, the
405 corporation's bond resolutions or any other agreement or contract of
406 the corporation and to have no adverse effect on the tax-exempt status
407 of any bonds of the state;

408 [(36)] (37) With respect to any capital initiative, to create, with one
409 or more persons, one or more affiliates and to provide, directly or
410 indirectly, for the contribution of capital to any such affiliate, each such
411 affiliate being expressly authorized to exercise on such affiliate's own
412 behalf all powers which the corporation may exercise under this
413 section, in addition to such other powers provided to it by law;

414 [(37)] (38) To provide financial aid to enable biotechnology and
415 other technology companies to lease, acquire, construct, maintain,
416 repair, replace or otherwise obtain and maintain production, testing,
417 research, development, manufacturing, laboratory and related and
418 other facilities, improvements and equipment;

419 [(38)] (39) To provide financial aid to persons developing smart
420 buildings, as defined in section 32-23d, incubator facilities or other
421 information technology intensive office and laboratory space;

422 [(39)] (40) To administer the Renewable Energy Investment Fund
423 established pursuant to section 16-245n;

424 [(40)] (41) To provide financial aid to persons developing or
425 constructing the basic buildings, facilities or installations needed for
426 the functioning of the media and motion picture industry in this state;

427 [(41)] (42) To coordinate the development and implementation of
428 strategies regarding technology-based talent and innovation among
429 state and quasi-public agencies, including the creation and
430 administration of the Connecticut Small Business Innovation Research
431 Office to act as a centralized clearinghouse and provide technical
432 assistance to applicants in developing small business innovation
433 research programs in conformity with the federal program established
434 pursuant to the Small Business Research and Development
435 Enhancement Act of 1992, P.L. 102-564, as amended, and other
436 proposals.

437 Sec. 7. Subsection (h) of section 32-35 of the 2010 supplement to the
438 general statutes is repealed and the following is substituted in lieu
439 thereof (*Effective October 1, 2010*):

440 (h) The corporation shall provide funding for the operation of the
441 Connecticut Small Business Innovation Research Office in accordance
442 with subdivision [(41)] (42) of section 32-39, as amended by this act.

443 Sec. 8. Section 32-1c of the 2010 supplement to the general statutes is
444 repealed and the following is substituted in lieu thereof (*Effective July*
445 *1, 2010*):

446 (a) In addition to any other powers, duties and responsibilities
447 provided for in this chapter, chapter 131, chapter 579 and section 4-8
448 and subsection (a) of section 10-409, the commissioner shall have the
449 following powers, duties and responsibilities: (1) To administer and
450 direct the operations of the Department of Economic and Community
451 Development; (2) to report annually to the Governor, as provided in

452 section 4-60; (3) to conduct and administer the research and planning
453 functions necessary to carry out the purposes of said chapters and
454 sections; (4) to encourage and promote the development of industry
455 and business in the state and to investigate, study and undertake ways
456 and means of promoting and encouraging the prosperous
457 development and protection of the legitimate interest and welfare of
458 Connecticut business, industry and commerce, within and outside the
459 state; (5) to serve, ex officio as a director on the board of Connecticut
460 Innovations, Incorporated; (6) to serve as a member of the Connecticut
461 Energy Advisory Board, the Energy Conservation Management Board
462 and the Committee of Concern for Connecticut Jobs; (7) to promote
463 and encourage the location and development of new business in the
464 state as well as the maintenance and expansion of existing business
465 and for that purpose to cooperate with state and local agencies and
466 individuals both within and outside the state; (8) to plan and conduct a
467 program of information and publicity designed to attract tourists,
468 visitors and other interested persons from outside the state to this state
469 and also to encourage and coordinate the efforts of other public and
470 private organizations or groups of citizens to publicize the facilities
471 and attractions of the state for the same purposes; (9) to advise and
472 cooperate with municipalities, persons and local planning agencies
473 within the state for the purpose of promoting coordination between
474 the state and such municipalities as to plans and development; (10) to
475 assign adequate staff to provide technical assistance to businesses in
476 the state in exporting, manufacturing and cluster-based initiatives and
477 to provide guidance and advice on regulatory matters; (11) to provide
478 all necessary staff, services, accounting and office space and equipment
479 required by the Connecticut Development Authority subject to the
480 provisions of section 4b-23, where real estate acquisitions are involved;
481 [(11)] (12) to aid minority businesses in their development; [(12)] (13) to
482 appoint such assistants, experts, technicians and clerical staff, subject
483 to the provisions of chapter 67, as are necessary to carry out the
484 purposes of said chapters and sections; [(13)] (14) to employ other
485 consultants and assistants on a contract or other basis for rendering

486 financial, technical or other assistance and advice; [(14)] (15) to acquire
487 or lease facilities located outside the state subject to the provisions of
488 section 4b-23; [(15)] (16) to advise and inform municipal officials
489 concerning economic development and collect and disseminate
490 information pertaining thereto, including information about federal,
491 state and private assistance programs and services pertaining thereto;
492 [(16)] (17) to inquire into the utilization of state government resources
493 and coordinate federal and state activities for assistance in and
494 solution of problems of economic development and to inform and
495 advise the Governor about and propose legislation concerning such
496 problems; [(17)] (18) to conduct, encourage and maintain research and
497 studies relating to industrial and commercial development; [(18)] (19)
498 to prepare and review model ordinances and charters relating to these
499 areas; [(19)] (20) to maintain an inventory of data and information and
500 act as a clearinghouse and referral agency for information on state and
501 federal programs and services relative to the purpose set forth herein.
502 The inventory shall include information on all federal programs of
503 financial assistance for defense conversion projects and other projects
504 consistent with a defense conversion strategy and shall identify
505 businesses which would be eligible for such assistance and provide
506 notification to such business of such programs; [(20)] (21) to conduct,
507 encourage and maintain research and studies and advise municipal
508 officials about forms of cooperation between public and private
509 agencies designed to advance economic development; [(21)] (22) to
510 promote and assist the formation of municipal and other agencies
511 appropriate to the purposes of this chapter; [(22)] (23) to require notice
512 of the submission of all applications by municipalities and any agency
513 thereof for federal and state financial assistance for economic
514 development programs as relate to the purposes of this chapter; [(23)]
515 (24) with the approval of the Commissioner of Administrative
516 Services, to reimburse any employee of the department, including the
517 commissioner, for reasonable business expenses, including but not
518 limited to, mileage, travel, lodging, and entertainment of business
519 prospects and other persons to the extent necessary or advisable to

520 carry out the purposes of subdivisions (4), (7), (8) and (11) of this
521 subsection and other provisions of this chapter; ~~[(24)]~~ (25) to assist in
522 resolving solid waste management issues; ~~[(25)]~~ (26) (A) to serve as an
523 information clearinghouse for various public and private programs
524 available to assist businesses, (B) to identify specific micro businesses,
525 as defined in section 32-344, whose growth and success could benefit
526 from state or private assistance and contact such small businesses in
527 order to (i) identify their needs, (ii) provide information about public
528 and private programs for meeting such needs, including, but not
529 limited to, technical assistance, job training and financial assistance,
530 and (iii) arrange for the provision of such assistance to such businesses;
531 ~~[and (26)]~~ (27) to enhance and promote the digital media and motion
532 picture industries in the state; (28) to develop a marketing campaign
533 that promotes Connecticut as a place of innovation; and (29) to execute
534 the steps necessary to implement the knowledge corridor agreement
535 with Massachusetts to promote the biomedical device industry.

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

549 (c) The Commissioner of Economic and Community Development
550 ~~[is authorized to]~~ shall do all things necessary to apply for, qualify for
551 and accept any federal funds made available or allotted under any
552 federal act for planning or any other projects, programs or activities

553 which may be established by federal law, for any of the purposes, or
554 activities related thereto, of the Department of Economic and
555 Community Development and said Commissioner of Economic and
556 Community Development shall administer any such funds allotted to
557 the department in accordance with federal law. The commissioner may
558 enter into contracts with the federal government concerning the use
559 and repayment of such funds under any such federal act, the
560 prosecution of the work under any such contract and the establishment
561 of any disbursement from a separate account in which federal and
562 state funds estimated to be required for plan preparation or other
563 eligible activities under such federal act shall be kept. Said account
564 shall not be a part of the General Fund of the state or any subdivision
565 of the state. The commissioner shall report on activities to apply for,
566 qualify for and accept funds under this subsection in its annual report
567 submitted pursuant to section 32-1m.

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

572 Sec. 9. Section 32-222 of the general statutes is repealed and the
573 following is substituted in lieu thereof (*Effective July 1, 2010*):

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

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

579 (2) The acquisition of new machinery and equipment;

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

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

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

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

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

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

604 (9) Support of substantial workforce development efforts;

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

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

609 (12) Promotion of export activities, including sponsorship of
610 programs that support exportation, assistance to companies in
611 accessing federal Department of Commerce services, and provision of

612 marketing materials and web site improvements for exporters;

613 (b) "Business support services" means activities related to a
614 municipal development project or business development project which
615 support the economic competitiveness of manufacturing or exporting
616 or economic base businesses or which further the interests of the state,
617 including, but not limited to, facilities and services related to day care,
618 job training, education, transportation, employee housing, energy
619 conservation, pollution control and recycling, provided activities
620 related to employee housing shall be limited to feasibility and
621 implementation studies;

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

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

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

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

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

637 (h) "Eligible applicant" means any for-profit or nonprofit
638 organization, or any combination thereof, any municipality, regional
639 planning agency or any combination thereof and further provided, in
640 the case of a loan made by the Connecticut Development Authority in
641 which the department purchases a participation interest, "eligible

642 applicant" means the for-profit or nonprofit organization, or any
643 combination thereof, that will receive the proceeds of such loan;

644 (i) "Financial assistance" means grants, funds for the purchase of
645 insurance policies and payment of deductibles for insurance policies to
646 cover remediation costs, extensions of credit, loans or loan guarantees,
647 participation interests in loans made to eligible applicants by the
648 Connecticut Development Authority or combinations thereof;

649 (j) "For-profit organization" means a for-profit partnership or sole
650 proprietorship or corporation or limited liability company which is an
651 economic base business or has a North American Industrial
652 Classification code of 311111 through 339999 or 493110, 493120, 493130,
653 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298,
654 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910,
655 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712,
656 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513,
657 611519, 611710 and 624410 or any business that is part of an economic
658 cluster, or any establishment or auxiliary or operating unit thereof, as
659 defined in the North American Industrial Classification System
660 Manual, which has demonstrated to the satisfaction of the
661 commissioner that it has the qualifications, including financial
662 qualifications, necessary to carry out a business development project;

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

672 (l) "Municipal development project" means a business development
673 project through which real property is acquired by a municipality or

674 implementing agency as part of such project;

675 (m) "Municipality" means a town, city, consolidated town and city
676 or consolidated town and borough;

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

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

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

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

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

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

704 related appurtenances; (5) railroad spurs; (6) public port or docking
705 facilities; and (7) such other related improvements necessary or
706 appropriate to carry out the project;

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

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

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

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

722 Sec. 10. Subdivision (3) of section 10-282 of the general statutes is
723 repealed and the following is substituted in lieu thereof (*Effective*
724 *October 1, 2010*):

725 (3) "School building project", except as used in section 10-289, means
726 (A) the construction, purchase, extension, replacement, renovation or
727 major alteration of a building to be used for public school purposes,
728 including the equipping and furnishing of any such construction,
729 purchase, extension, replacement, renovation or major alteration, the
730 improvement of land therefor, or the improvement of the site of an
731 existing building for public school purposes, but shall not include the
732 cost of a site, except as provided in subsection (b) of section 10-286d;
733 (B) the construction and equipping and furnishing of any such

734 construction of any building which the towns of Norwich, Winchester
735 and Woodstock may provide by lease or otherwise for use by the
736 Norwich Free Academy, Gilbert School and Woodstock Academy,
737 respectively, in furnishing education for public school pupils under the
738 provisions of section 10-34; [and] (C) the construction, purchase,
739 extension, replacement, renovation or major alteration of a building to
740 be used for public school purposes for which the primary purpose is
741 energy efficiency improvements or upgrades that meet the standards
742 imposed by section 16a-38k; and (D) the addition to, renovation of and
743 equipping and furnishing of any such addition to or renovation of any
744 building which may be leased, upon the approval of the Commissioner
745 of Education, to any local or regional board of education for a term of
746 twenty years or more for use by such local or regional board in
747 furnishing education of public school pupils;

748 Sec. 11. Section 12-217ii of the general statutes is repealed and the
749 following is substituted in lieu thereof (*Effective July 1, 2010, and*
750 *applicable to income or taxable years, as appropriate, commencing on or after*
751 *January 1, 2011*):

752 (a) As used in this section:

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

755 (2) "Income year" means, with respect to entities subject to the
756 insurance premiums tax under chapter 207, the corporation business
757 tax under this chapter or the utilities company tax under chapter 212,
758 the income year as determined under each of said chapters, as the case
759 may be or, with respect to affected business entities, the taxable year as
760 determined under chapter 229;

761 (3) "Taxpayer" means a person subject to tax under chapter 207, this
762 chapter or chapter 212, or an affected business entity, as defined in
763 section 12-284b subject to tax under chapter 229;

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

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

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

775 (7) "Related person" means (A) a corporation, limited liability
776 company, partnership, association or trust controlled by the taxpayer,
777 (B) an individual, corporation, limited liability company, partnership,
778 association or trust that is in control of the taxpayer, (C) a corporation,
779 limited liability company, partnership, association or trust controlled
780 by an individual, corporation, limited liability company, partnership,
781 association or trust that is in control of the taxpayer, or (D) a member
782 of the same controlled group as the taxpayer; and

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

796 (b) (1) There is established a jobs creation tax credit program
797 whereby a taxpayer who creates [at least ten] a new [jobs] job in
798 Connecticut may be allowed a credit against the tax imposed under
799 chapter 207, this chapter, [or] chapter 212 or chapter 229, in an amount
800 up to [sixty per cent of the income tax deducted and withheld from the
801 wages of new employees and paid over to the state pursuant to
802 chapter 229] fifteen per cent of the wages paid to a new employee,
803 provided such new job provides the employee with wages greater than
804 or equal to eighty per cent of the state median income and health care
805 benefits.

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

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

811 (c) (1) Any taxpayer planning to claim a credit under the provisions
812 of this section shall apply to the commissioner in accordance with the
813 provisions of this section. Credits shall be issued on a first-come, first-
814 served basis. The application shall be on a form provided by the
815 commissioner, and shall contain sufficient information [concerning the
816 number of new jobs to be created, feasibility studies or business plans
817 for the increased number of jobs, projected state and local revenue that
818 might derive as a result of the job growth and other information
819 necessary to demonstrate that there will be net benefits to the economy
820 of the municipality and the state] to confirm that a job was created
821 meeting the requirements in subdivision (1) of subsection (b) of this
822 section, and a state resident was hired. The commissioner [shall] may
823 impose a fee for such application as the commissioner deems
824 appropriate.

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

828 tax credit, (B) would provide a net benefit to economic development
829 and employment opportunities in the state, and (C) conforms to the
830 state plan of conservation and development prepared pursuant to
831 section 16a-24. The commissioner may require the applicant to submit
832 such additional information as may be necessary to evaluate the
833 application.

834 (e) (1) The commissioner, upon consideration of the application and
835 any additional information the commissioner requires, may approve
836 the credit application, in whole or in part, if the commissioner
837 concludes that the increase in the number of jobs is economically
838 viable only with the use of the tax credit and that the revenue
839 generated due to economic development and employment
840 opportunities created in the state exceeds the credit and any other
841 credits to be taken. If the commissioner disapproves an application, the
842 commissioner shall specifically identify the defects in the application
843 and specifically explain the reasons for the disapproval. The
844 commissioner shall render a decision on an application not later than
845 ninety days after the date of its receipt by the commissioner.]

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

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

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

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

859 new jobs created for the year and the [income tax deducted and
860 withheld from the wages of such new employees and paid over to the
861 state for such year] wages paid for each new job, and (2) confirmation
862 that such new employees receive health benefits. The commissioner
863 shall issue a certificate of eligibility that includes the taxpayer's name,
864 the number of new jobs created, and the amount of the credit certified
865 for the year. The certificate shall be issued by the commissioner sixty
866 days after the close of the taxpayer's income year or thirty days after
867 the information is provided, whichever comes first.

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

871 [(h)] (f) (1) If (A) the number of new employees on account of which
872 a taxpayer claimed the credit allowed by this section decreases to less
873 than the number for which the commissioner issued an eligibility
874 certificate during any of the four years succeeding the first full income
875 year following the issuance of an eligibility certificate, and (B) those
876 employees are not replaced by other employees who have not been
877 shifted from an existing location of the taxpayer or a related person in
878 this state, the taxpayer shall be required to recapture a percentage of
879 the credit allowed under this section on its tax return, as determined
880 under the provisions of subdivision (2) of this subsection. The
881 commissioner shall provide notice of the required recapture amount to
882 both the taxpayer and the Commissioner of Revenue Services.

883 (2) If the taxpayer is required under the provisions of subdivision
884 (1) of this subsection to recapture a portion of the credit during (A) the
885 first of such four years, then ninety per cent of the credit allowed shall
886 be recaptured on the tax return required to be filed for such year, (B)
887 the second of such four years, then sixty-five per cent of the credit
888 allowed for the entire period of eligibility shall be recaptured on the
889 tax return required to be filed for such year, (C) the third of such four
890 years, then fifty per cent of the credit allowed for the entire period of

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

895 (g) No taxpayer claiming the tax credit under this section with
896 respect to a new job or new employee may claim any credit against any
897 tax under any other provision of the general statutes with respect to
898 the same new job or new employee.

899 Sec. 12. (NEW) (*Effective July 1, 2010*) (a) As used in this section:

900 (1) "Allocation date" means the date an insurance reinvestment fund
901 receives an investment of eligible capital equaling the amount of
902 credits against the tax imposed under section 38a-743 of the general
903 statutes allocated to taxpayers who invest in such insurance
904 reinvestment fund;

905 (2) "Eligible business" means a business that has its principal
906 business operations in Connecticut;

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

916 (4) "Green technology business" means an eligible business with no
917 less than twenty-five per cent employment positions classified as green
918 jobs as identified by the Department of Economic and Community
919 Development and the Labor Department pursuant to Connecticut
920 Executive Order Number 23 of February 2, 2009;

921 (5) "Income year" means the income year as determined in chapter
922 207 of the general statutes for the taxpayer;

923 (6) "Insurance reinvestment fund" means a Connecticut partnership,
924 corporation, trust or limited liability company, whether organized on a
925 profit or not-for-profit basis, that (A) is managed by at least two
926 principals or persons that have at least four years of experience each in
927 managing venture capital or private equity funds, with at least fifty
928 million dollars of such funds from people unaffiliated with the
929 manager, and (B) has received an equity investment of capital other
930 than eligible capital equal to no less than five per cent of the total
931 amount of cash invested in such insurance reinvestment fund; and

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

935 (b) A taxpayer that makes an investment of eligible capital shall, in
936 the year of investment, earn a vested credit against the premium tax
937 paid pursuant to section 38a-743 of the general statutes. Such credit
938 shall be available as follows: (1) Commencing with the tax return due
939 for the tax years from 2013 to 2016, inclusive, tax years, no more than
940 ten per cent; and (2) commencing with the tax return due for the tax
941 years from 2017 to 2019, inclusive, tax years, no more than twenty per
942 cent. Any taxpayer claiming a credit against the tax imposed by section
943 38a-743 of the general statutes pursuant to this subsection shall not be
944 required to pay any additional retaliatory tax under chapter 207 of the
945 general statutes as a result of claiming the credit. The maximum
946 amount of credits allowed under this subsection shall be forty million
947 dollars per year.

948 (c) (1) On or before July 1, 2010, the Commissioner of Economic and
949 Community Development shall begin to accept applications for
950 certification as an insurance reinvestment fund. Applications shall
951 include: (A) The amount of eligible capital the applicant will raise; (B)
952 a nonrefundable application fee of seven thousand five hundred

953 dollars; (C) evidence of satisfaction of the requirements of the
954 definition of "insurance reinvestment fund" pursuant to subsection (a)
955 of this section; (D) an affidavit by each taxpayer committing an
956 investment of eligible capital; (E) a business plan detailing (i) the
957 percentage of eligible capital that the applicant will invest in eligible
958 businesses by the third, fifth, seventh and ninth anniversaries of its
959 allocation date, (ii) the industry segments listed by SIC code and
960 percentage of eligible capital in which that applicant will invest, (iii)
961 the number of jobs that will be created or retained as a result of the
962 applicants investments, and (iv) the percentage of eligible capital to be
963 invested in eligible businesses primarily engaged in conducting
964 research and development or manufacturing, processing or assembling
965 technology-based products; (F) a revenue impact assessment
966 demonstrating that the applicant's business plan has a revenue neutral
967 or positive impact on the state; and (G) a commitment to invest at least
968 twenty-five per cent of its eligible capital in green technology
969 businesses.

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

975 (3) If an insurance reinvestment fund does not receive an
976 investment of eligible capital equaling the amount of credits against
977 the tax imposed under section 38a-743 of the general statutes allocated
978 to a taxpayer for which it filed an affidavit with its application prior to
979 the fifth business day after receipt of certification, the company shall
980 notify the commissioner by overnight common carrier delivery service
981 and that portion of eligible capital allocated to the insurance company
982 shall be forfeited. Such insurance reinvestment fund and forfeiting a
983 taxpayer shall each be assessed a twenty-five thousand dollar
984 administrative penalty. The commissioner shall reallocate the forfeited
985 eligible capital among all other remaining taxpayers that invested

986 eligible capital.

987 (d) To continue to be certified, an insurance reinvestment fund shall
988 (1) be in compliance with the investment parameters set forth in its
989 business plan; (2) have invested seventy per cent of its eligible capital
990 in eligible businesses by the fourth anniversary of its allocation date;
991 and (3) have invested one hundred per cent of its eligible capital in
992 eligible businesses by the tenth anniversary of its allocation date, with
993 a minimum of twenty-five per cent of eligible capital invested in green
994 technology businesses. An insurance reinvestment fund shall only
995 invest eligible capital in eligible businesses, bank deposits, certificates
996 of deposit and other fixed-income securities and may not invest more
997 than fifteen per cent of its eligible capital in any one eligible business
998 without prior approval of the commissioner.

999 (e) On or before January thirty-first of each year, each insurance
1000 reinvestment fund shall report to the commissioner (1) the amount of
1001 eligible capital remaining at the end of the preceding year; (2) each
1002 investment in an eligible business during the preceding year and, with
1003 respect to each eligible business, its location and SIC code; (3) the
1004 percentage of eligible capital invested in green technology businesses;
1005 and (4) distributions made by the insurance reinvestment fund in the
1006 preceding year. In the annual report due in the fifth, seventh and ninth
1007 years after its allocation date, each insurance reinvestment fund shall
1008 also report to the commissioner its compliance with the investment
1009 parameters set forth in its business plan. In the annual report due in
1010 the twelfth year after its allocation date, each insurance reinvestment
1011 fund shall also report to the commissioner the number of jobs created
1012 or retained as a result of its investments in eligible businesses. Each
1013 insurance reinvestment fund shall provide to the commissioner annual
1014 audited financial statements.

1015 (f) To make a distribution or payment, an insurance reinvestment
1016 fund shall have invested one hundred per cent of its eligible capital in
1017 eligible businesses with a minimum of twenty-five per cent of eligible

1018 capital invested in green technology businesses, with principal
1019 business operations in this state at the time of such determination,
1020 except (1) distributions related to the payment of any projected
1021 increase in federal or state taxes, including penalties and interest
1022 related to state and federal income taxes, of the equity owners of the
1023 insurance reinvestment fund resulting from the earnings or other tax
1024 liability of the insurance reinvestment fund to the extent that the
1025 increase is related to the ownership, management or operation of the
1026 insurance reinvestment fund; (2) payments of interest and principal on
1027 the debt of the insurance reinvestment fund; or (3) payments related to
1028 the reasonable costs and expenses of forming, syndicating, managing
1029 and operating the company, provided the distribution or payment is
1030 not made directly or indirectly to a taxpayer that invested eligible
1031 capital, including (A) reasonable and necessary fees paid for
1032 professional services, including legal and accounting services, related
1033 to the formation and operation of the insurance reinvestment fund,
1034 and (B) an annual management fee in an amount not exceeding two
1035 and one-half per cent of the eligible capital of an insurance
1036 reinvestment fund. The state shall receive a share of any distribution,
1037 except as set forth in subdivisions (1), (2) and (3) of this subsection, in
1038 the following percentages: (i) Ten per cent when less than eighty per
1039 cent but more than sixty per cent of the jobs set forth in the insurance
1040 reinvestment fund's business plan are created or retained, and (ii)
1041 twenty per cent when sixty per cent or less of the jobs set forth in the
1042 insurance reinvestment fund's business plan are created or retained.

1043 (g) The commissioner shall review each annual report to ensure
1044 compliance with subsections (d), (e) and (f) of this section. A material
1045 variation of subsections (d), (e) and (f) of this section is grounds for
1046 decertification of the insurance reinvestment fund. If the commissioner
1047 determines that an insurance reinvestment fund is not in compliance
1048 with subsection (d), (e) or (f) of this section or the investment
1049 parameters of its business plan, the commissioner shall notify the
1050 officers of the company, in writing, that the insurance reinvestment
1051 fund may be subject to decertification after the one-hundred-twentieth

1052 day after the date of mailing the notice, unless the deficiencies are
1053 waived by the commissioner or are corrected and the insurance
1054 reinvestment fund returns to compliance with those subsections.

1055 (h) Decertification of an insurance reinvestment fund shall cause the
1056 forfeiture of future credits against the tax imposed by section 38a-743
1057 of the general statutes to be claimed with respect to an insurance
1058 reinvestment fund when (1) such decertification occurs on or before
1059 the fourth anniversary of the fund's allocation date, and (2) such fund
1060 has invested less than seventy per cent of its eligible capital in eligible
1061 businesses by said anniversary. The commissioner shall send written
1062 notice to the last-known address of each taxpayer whose credit against
1063 the tax imposed by section 38a-743 of the general statutes is subject to
1064 recapture or forfeiture.

1065 (i) The commissioner shall adopt regulations in accordance with the
1066 provisions of chapter 54 of the general statutes to facilitate the transfer
1067 of credits pursuant to this section by taxpayers that invested eligible
1068 capital among affiliates. A taxpayer may transfer credits pursuant to
1069 this section only in compliance with the regulations adopted pursuant
1070 to this section.

1071 Sec. 13. Subsection (j) of section 38a-88a of the general statutes is
1072 repealed and the following is substituted in lieu thereof (*Effective July*
1073 *1, 2010, and applicable to income or taxable years, as applicable, commencing*
1074 *on or after January 1, 2010*):

1075 (j) The tax credit allowed by this section shall only be available for
1076 investments in funds that are not open to additional investments or
1077 investors beyond the amount subscribed at the formation of the fund.
1078 No credits shall be allowed under this section for investments in any
1079 fund created on or after July 1, 2000. [No] On and after January 1, 2010,
1080 no credit shall be allowed under this section for investments made in
1081 an insurance business through [such fund after December 31, 2015]
1082 any fund, regardless of the date on which the fund was created.

1083 Sec. 14. (NEW) (*Effective July 1, 2010*) (a) There is established a task
1084 force to study ways in which state agencies and departments can
1085 reduce or eliminate duplicative procedures and the amount of paper
1086 used and how, when practicable, technology can be employed to help
1087 in such reduction or elimination.

1088 (b) The task force shall consist of eleven members, including the
1089 Commissioners of Administrative Services and Information
1090 Technology and the Secretary of the Office of Policy and Management,
1091 or their designees, and eight members who shall be corporate
1092 executives, economists, information technology and any other
1093 representative interests deemed appropriate by the appointing
1094 authority: (1) Two members shall be appointed by the speaker of the
1095 House of Representatives; (2) two members shall be appointed by the
1096 president pro tempore of the Senate; (3) one member shall be
1097 appointed by the majority leader of the House of Representatives; (4)
1098 one member shall be appointed by the majority leader of the Senate; (5)
1099 one member shall be appointed by the minority leader of the House of
1100 Representatives; and (6) one member shall be appointed by the
1101 minority leader of the Senate.

1102 (c) All appointments of commission members shall be made not
1103 later than thirty days after the effective date of this section. Any
1104 vacancy shall be filled by the appointing authority.

1105 (d) The speaker of the House of Representatives and the president
1106 pro tempore of the Senate shall select the chairpersons of the
1107 commission from among the members of the commission. Such
1108 chairpersons shall schedule the first meeting of the commission, which
1109 shall be held not later than sixty days after the effective date of this
1110 section.

1111 (e) The members of the commission shall serve without
1112 compensation but shall be reimbursed for actual expenses incurred
1113 while engaged in the duties of the commission.

1114 (f) The administrative staff of the joint standing committee of the
 1115 General Assembly having cognizance of matters relating to commerce
 1116 shall serve as administrative staff of the commission.

1117 (g) Not later than February 1, 2011, the commission shall submit a
 1118 report on its findings and recommendations to the joint standing
 1119 committee of the General Assembly having cognizance of matters
 1120 relating to commerce, in accordance with the provisions of section 11-
 1121 4a of the general statutes.

1122 Sec. 15. Sections 10-228b, 12-217l, 12-217u and 12-217cc of the
 1123 general statutes are repealed. (*Effective from passage and applicable to*
 1124 *income years commencing on or after January 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2010	New section
Sec. 2	July 1, 2010	New section
Sec. 3	July 1, 2010, and applicable to taxable years commencing on or after January 1, 2010	New section
Sec. 4	October 1, 2010	32-35(b)
Sec. 5	October 1, 2010	32-41w
Sec. 6	October 1, 2010	32-39
Sec. 7	October 1, 2010	32-35(h)
Sec. 8	July 1, 2010	32-1c
Sec. 9	July 1, 2010	32-222
Sec. 10	October 1, 2010	10-282(3)
Sec. 11	July 1, 2010, and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011	12-217ii
Sec. 12	July 1, 2010	New section

Sec. 13	<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. 14	<i>July 1, 2010</i>	New section
Sec. 15	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	Repealer section

Statement of Purpose:

To implement the recommendations of the Majority Leaders' Job Growth Roundtable.

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