



General Assembly

Substitute Bill No. 5435

February Session, 2010

* _____ HB05435APP ___ 042010 _____ *

**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 [person] Connecticut resident hired by
769 the taxpayer to fill a new full-time job. A new employee does not
770 include a person who was employed in Connecticut by a related
771 person with 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 Sec. 12. (NEW) (*Effective July 1, 2010*) (a) There is established a task
896 force to study ways in which state agencies and departments can
897 reduce or eliminate duplicative procedures and the amount of paper
898 used and how, when practicable, technology can be employed to help
899 in such reduction or elimination.

900 (b) The task force shall consist of eleven members, including the
901 Commissioner of Administrative Services, the Chief Information
902 Officer of the Department of Information Technology and the Secretary
903 of the Office of Policy and Management, or their designees, and eight
904 members who shall be corporate executives, economists, information
905 technology and any other representative interests deemed appropriate
906 by the appointing authority: (1) Two members shall be appointed by
907 the speaker of the House of Representatives; (2) two members shall be
908 appointed by the president pro tempore of the Senate; (3) one member
909 shall be appointed by the majority leader of the House of
910 Representatives; (4) one member shall be appointed by the majority
911 leader of the Senate; (5) one member shall be appointed by the

912 minority leader of the House of Representatives; and (6) one member
913 shall be appointed by the minority leader of the Senate.

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

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

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

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

929 (g) Not later than February 1, 2011, the commission shall submit a
930 report on its findings and recommendations to the joint standing
931 committee of the General Assembly having cognizance of matters
932 relating to commerce, in accordance with the provisions of section 11-
933 4a of the general statutes.

934 Sec. 13. Section 38a-88a of the general statutes is repealed and the
935 following is substituted in lieu thereof (*Effective July 1, 2010*):

936 (a) As used in this section:

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

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

941 necessary to the business of insuring risks;

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

949 (4) "New employee" means a person hired by a subject insurance
950 business to fill a position for a new job or a person shifted from an
951 existing location of the subject insurance business outside this state to a
952 new facility in this state, provided (A) in no case shall the total number
953 of new employees allowed for purposes of this credit exceed the total
954 increase in the taxpayer's employment in this state, which increase
955 shall be the difference between (i) the number of employees employed
956 by the subject insurance business in this state at the time of application
957 for an eligibility certificate to the commissioner plus the number of
958 new employees who would be eligible for inclusion under the credit
959 allowed under this section without regard to this calculation, and (ii)
960 the highest number of employees employed by the subject insurance
961 business in this state in the year preceding the subject insurance
962 business's application for an eligibility certificate to the commissioner
963 and (B) a person shall be deemed to be a "new employee" only if such
964 person's duties in connection with the operation of the facility are on a
965 regular, full-time, or equivalent thereof, and permanent basis;

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

974 insurance business's application to said commissioner for an eligibility
975 certificate under this section, unless upon application of the subject
976 insurance business and upon good and sufficient cause shown, the
977 commissioner consents to waiving the one-year period;

978 (6) "Related person" means (A) a corporation, limited liability
979 company, partnership, association or trust controlled by the taxpayer
980 or subject insurance business, as the case may be, (B) an individual,
981 corporation, limited liability company, partnership, association or trust
982 that is in control of the taxpayer or subject insurance business, as the
983 case may be, (C) a corporation, limited liability company, partnership,
984 association or trust controlled by an individual, corporation, limited
985 liability company, partnership, association or trust that is in control of
986 the taxpayer or subject insurance business, as the case may be, or (D) a
987 member of the same controlled group as the taxpayer or subject
988 insurance business, as the case may be. For purposes of this section,
989 "control", with respect to a corporation, means ownership, directly or
990 indirectly, of stock possessing fifty per cent or more of the total
991 combined voting power of all classes of the stock of such corporation
992 entitled to vote. "Control", with respect to a trust, means ownership,
993 directly or indirectly, of fifty per cent or more of the beneficial interest
994 in the principal or income of such trust. The ownership of stock in a
995 corporation, of a capital or profits interest in a partnership or
996 association or of a beneficial interest in a trust shall be determined in
997 accordance with the rules for constructive ownership of stock
998 provided in Section 267(c) of the Internal Revenue Code of 1986, or any
999 subsequent corresponding internal revenue code of the United States,
1000 as from time to time amended, other than paragraph (3) of such
1001 section;

1002 (7) "Moneys of the taxpayer" means all amounts invested in a fund,
1003 directly or indirectly, on behalf of a taxpayer, including but not limited
1004 to (A) direct investments made by the taxpayer, and (B) loans made to
1005 the fund for the benefit of the taxpayer which loans are guaranteed by
1006 the taxpayer, provided no amounts represented by any such loan shall
1007 be used for the purpose of obtaining any tax credit by any person

1008 making such loan against any tax levied by this state;

1009 (8) "Income year" means (A) with respect to corporations subject to
1010 taxation under chapter 208, the income year as determined under said
1011 chapter, (B) with respect to insurance companies, hospital and medical
1012 services corporations subject to taxation under chapter 207, the income
1013 year as determined under said chapter, and (C) with respect to
1014 taxpayers subject to taxation under chapter 229, the taxable year
1015 determined under said chapter;

1016 (9) "Taxpayer" means any person as defined in section 12-1, whether
1017 or not subject to any taxes levied by this state; and

1018 (10) "Commissioner" means the Commissioner of Economic and
1019 Community Development.

1020 (b) (1) On or before July 1, 2000, the commissioner shall register
1021 managers of funds created for the purpose of investing in insurance
1022 businesses. Any manager registered under this subsection shall have
1023 its primary place of business in this state. Each applicant shall submit
1024 an application under oath to the commissioner to be registered and
1025 shall furnish evidence satisfactory to the commissioner of its financial
1026 responsibility, integrity, and professional competence to manage
1027 investments. Failure to maintain adequate fiduciary standards shall
1028 constitute cause for the commissioner to revoke, after hearing, any
1029 registration granted under this section. The fund manager shall make a
1030 report on or before the first day of March in each year, under oath, to
1031 the Commissioner of Revenue Services specifying the name, address
1032 and Social Security number or employer identification number of each
1033 investor, the year during which each investment was made by each
1034 investor, the amount of each investment and a description of the fund's
1035 investment objectives and relative performance.

1036 ~~[(c)]~~ (2) There shall be allowed as a credit against the tax imposed
1037 under chapter 207, 208 or 229 or section 38a-743 an amount equal to
1038 the following percentage of the moneys of the taxpayer invested
1039 through a fund manager in an insurance business with respect to the

1040 following income years of the taxpayer: [(1)] (A) With respect to the
1041 income year in which the investment in the subject insurance business
1042 was made and the two next succeeding income years, zero per cent;
1043 [(2)] (B) with respect to the third full income year succeeding the year
1044 in which the investment in the subject insurance business was made
1045 and the three next succeeding income years, ten per cent; [(3)] (C) with
1046 respect to the seventh full income year succeeding the year in which
1047 the investment in the subject insurance business was made and the two
1048 next succeeding income years, twenty per cent. The sum of all tax
1049 credit granted pursuant to the provisions of this [section] subsection
1050 shall not exceed fifteen million dollars with respect to investments
1051 made by a fund or funds in any single insurance business, and with
1052 respect to all investments made by a fund shall not exceed the total
1053 amount originally invested in such fund. Any fund manager may
1054 apply to the Commissioner of Economic and Community
1055 Development for a credit that exceeds the limitations established by
1056 this [subsection] subdivision. The commissioner shall evaluate the
1057 benefits of such application and make recommendations to the General
1058 Assembly if he determines that the proposal would be of economic
1059 benefit to the state.

1060 [(d)] (3) The credit allowed by this [section] subsection may be
1061 claimed only by a taxpayer who has invested in an insurance business
1062 through a fund [(1)] (A) which has a total asset value of not less than
1063 thirty million dollars for the income year for which the initial credit is
1064 taken; [(2)] (B) has not less than three investors who are not related
1065 persons with respect to each other or to any insurance business in
1066 which any investment is made other than through the fund at the date
1067 the investment is made; and [(3)] (C) which invests only in insurance
1068 businesses that are not related persons with respect to each other.

1069 [(e)] (4) The credit allowed by this section may be claimed only with
1070 respect to a subject insurance business which [(1)] (A) occupies the
1071 new facility for which an eligibility certificate has been issued by the
1072 commissioner and with respect to which the certification required
1073 under [subsection (g) of this section] subdivision (6) of this subsection

1074 has been issued as its home office, and [(2)] (B) employs not less than
1075 twenty-five per cent of its total work force in new jobs.

1076 [(f)] (5) The credit allowed by this [section] subsection may be
1077 claimed only with respect to an income year for which a certification of
1078 continued eligibility required under [subsection (g) of this section]
1079 subdivision (6) of this subsection has been issued. If, with respect to
1080 any year for which a tax credit is claimed, any subject insurance
1081 business ceases at any time to employ at least twenty-five per cent of
1082 its total work force in new jobs, then, except as provided in [subsection
1083 (g) of this section] subdivision (6) of this subsection, the entitlement to
1084 the credit allowed by this [section] subsection shall not be allowed for
1085 the taxable year in which such employment ceases, and there shall not
1086 be a pro rata application of the credit to such taxable year; provided, if
1087 the reason for such cessation is the dissolution, liquidation or
1088 reorganization of such insurance business in a bankruptcy or
1089 delinquency proceeding, as defined in section 38a-905, the credit shall
1090 be allowed.

1091 [(g)] (6) The commissioner, upon application, shall issue an
1092 eligibility certificate for an insurance business occupying a new facility
1093 in this state and employing new employees, after it has been
1094 established, to his satisfaction, that subject insurance business has
1095 complied with the provisions of this [section] subsection. If the
1096 commissioner determines that such requirements have been met as a
1097 result of transactions with a related person for other than bona fide
1098 business purposes, he shall deny such application. The commissioner
1099 shall require the subject insurance business to submit annually such
1100 information as may be necessary to determine whether the appropriate
1101 occupancy and employment requirements have been met at all times
1102 during an income year. If the commissioner determines that such
1103 requirements have been so met, he shall issue a certification of
1104 continued eligibility to that effect to the subject insurance business on
1105 or before the first day of the third month following the close of the
1106 subject insurance business's income year.

1107 [(h)] (7) The commissioner shall, upon request, provide a copy of the
1108 eligibility certificate and the certification required under [subsection
1109 (g) of this section] subdivision (6) of this subsection to the
1110 Commissioner of Revenue Services.

1111 [(i) (1) If (A)] (8) (A) If (i) the number of new employees on account
1112 of which a taxpayer claimed the credit allowed by this [section]
1113 subsection decreases to less than twenty-five per cent of its total work
1114 force for more than sixty days during any of the taxable years for
1115 which a credit is claimed, [(B)] (ii) those employees are not replaced by
1116 other employees who have not been shifted from an existing location
1117 of the subject insurance business in this state, and [(C)] (iii) the subject
1118 insurance business has relocated operations conducted in the new
1119 facility to a location outside this state, the taxpayer shall be required to
1120 recapture a percentage, as determined under the provisions of
1121 [subdivision (2) of this subsection] subparagraph (B) of this
1122 subdivision, of the credit allowed under this [section] subsection on its
1123 tax return and no subsequent credit shall be allowed. If the credit
1124 claimed by the taxpayer under this [section] subsection is attributable
1125 to investments made in more than one insurance business, the credit
1126 recaptured and disallowed under this [subsection] subdivision shall be
1127 that portion of the credit attributable to the investment in the insurance
1128 business as described in [subparagraphs (A) to (C), inclusive, of
1129 subdivision (1) of this subsection] subparagraphs (A)(i) to (A)(iii),
1130 inclusive, of this subdivision.

1131 [(2)] (B) If the taxpayer is required under the provisions of
1132 [subdivision (1) of this subsection] subparagraph (A) of this
1133 subdivision to recapture a portion of the credit during [(A)] (i) the first
1134 year such credit was claimed, then ninety per cent of the credit allowed
1135 shall be recaptured on the tax return required to be filed for such year,
1136 [(B)] (ii) the second of such years, then sixty-five per cent of the credit
1137 allowed for the entire period of eligibility shall be recaptured on the
1138 tax return required to be filed for such year, [(C)] (iii) the third of such
1139 years, then fifty per cent of the credit allowed for the entire period of
1140 eligibility shall be recaptured on the tax return required to be filed for

1141 such year, [(D)] (iv) the fourth of such years, then thirty per cent of the
1142 credit allowed for the entire period of eligibility shall be recaptured on
1143 the tax return required to be filed for such year, [(E)] (v) the fifth of
1144 such years, then twenty per cent of the credit allowed for the entire
1145 period of eligibility shall be recaptured on the tax return required to be
1146 filed for such year, and [(F)] (vi) the sixth or subsequent of such years,
1147 then ten per cent of the credit allowed for the entire period of
1148 eligibility shall be recaptured on the tax return required to be filed for
1149 such year. Any credit recaptured pursuant to this [subsection]
1150 subdivision shall not be in excess of the credit that would be allowed
1151 for the applicable investment. The Commissioner of Revenue Services
1152 may recapture such credits from the taxpayer who has claimed such
1153 credits. If the commissioner is unable to recapture all or part of such
1154 credits from such taxpayer, the commissioner may seek to recapture
1155 such credits from any taxpayer who has assigned such credits to
1156 another taxpayer. If the commissioner is unable to recapture all or part
1157 of such credits from any such taxpayer, the commissioner may
1158 recapture such credits from the fund.

1159 [(3)] (C) The recapture provisions of this [subsection] subdivision
1160 shall not apply and tax credits may continue to be claimed under this
1161 [section] subsection if, for the entire period that the credit is applicable,
1162 such decrease in the percentage of total work force employed in this
1163 state does not result in an actual decrease in the number of persons
1164 employed by the subject insurance business in this state on a regular,
1165 full-time, or equivalent thereof, and permanent basis as compared to
1166 the number of new employees on account of which the taxpayer
1167 claimed the credit allowed by this [section] subsection.

1168 (c) (1) As used in this section:

1169 (A) "Eligible recipient" means a business that has its principal
1170 business operations in this state and has fewer than one hundred fifty
1171 employees. A business is not an eligible recipient, and an investment
1172 in such business shall not count towards the requirements set forth in
1173 this subsection, at the time of the investment or follow-on investment,

1174 the business no longer has its principal business operations in this
1175 state;

1176 (B) "Eligible reinvestment funds" means an investment of cash by an
1177 insurance company in an insurance reinvestment fund that fully funds
1178 the purchase price of an equity interest in the insurance reinvestment
1179 fund, or an eligible debt instrument issued by an insurance
1180 reinvestment fund, at par value or a premium, that (i) has an original
1181 maturity date of at least five years after the date of issuance, (ii) has a
1182 repayment schedule that is not faster than a level principal
1183 amortization over five years, and (iii) has no interest, distribution or
1184 payment features tied to the insurance reinvestment fund's
1185 profitability or the success of its investments;

1186 (C) "Green technology business" means an eligible recipient with
1187 employment positions that constitute "green jobs" as jointly identified
1188 by the Commissioner of Economic and Community Development and
1189 the Labor Commissioner pursuant to Executive Order Number 23 of
1190 Governor M. Jodi Rell;

1191 (D) "Insurance reinvestment fund" means a Connecticut
1192 partnership, corporation, trust or limited liability company, whether
1193 organized on a profit or nonprofit basis, that is managed by at least
1194 two principals or persons that have at least four years of experience
1195 each in managing venture capital or private equity funds, with at least
1196 fifty million dollars of such funds raised from persons unaffiliated
1197 with the manager;

1198 (E) "Principal business operations" means at least eighty per cent of
1199 the business organization's employees reside in this state or eighty per
1200 cent of the business payroll is paid to individuals living in this state;
1201 and

1202 (F) "Preseed recipient" means a company that receives an amount of
1203 eligible reinvestment funds not exceeding one hundred thousand
1204 dollars, that has fewer than ten employees, and earnings before income
1205 taxes, distributions and amortization of less than one million dollars.

1206 (2) On or before July 1, 2010, the Commissioner of Economic and
1207 Community Development shall begin to accept applications for
1208 licensure as an insurance reinvestment fund. Applications shall
1209 include: (A) The amount of eligible capital the applicant will raise; (B)
1210 a nonrefundable application fee of seven thousand five hundred
1211 dollars; (C) evidence of satisfaction of the requirements of the
1212 definition of "insurance reinvestment fund" pursuant to subdivision (1)
1213 of this subsection; (D) an affidavit executed by each insurance
1214 company committing to make an investment of eligible reinvestment
1215 funds; (E) a business plan detailing (i) the percentage of eligible
1216 reinvestment funds that the applicant will invest in eligible recipients
1217 by December 31, 2013, December 31, 2015, December 31, 2017, and
1218 December 31, 2019, and (ii) the industry segments listed by standard
1219 industrial classification code and percentage of eligible reinvestment
1220 funds in which the applicant will invest; (F) a revenue impact
1221 assessment demonstrating that the applicant's business plan has a
1222 revenue neutral or positive impact on the state; and (G) a commitment
1223 to invest at least twenty-five per cent of its eligible reinvestment funds
1224 in green technology businesses.

1225 (3) An insurance company that makes an investment of eligible
1226 reinvestment funds shall, in the year of investment, earn a vested
1227 credit against the premium tax imposed pursuant to section 38a-743.
1228 Such credit shall be equal to one hundred per cent of the insurance
1229 company's investment of eligible reinvestment funds, and shall be
1230 available as follows: (A) Commencing with the tax return due for the
1231 tax years from 2013 to 2016, inclusive, an insurance company may take
1232 up to ten per cent of such credit; and (B) commencing with the tax
1233 return due for the tax years from 2017 to 2019, inclusive, an insurance
1234 company may take up to twenty per cent of such credit. An insurance
1235 company claiming a credit against the tax imposed by section 38a-743
1236 pursuant to this subsection shall not be required to pay any additional
1237 retaliatory tax under chapter 207 as a result of claiming the credit.

1238 (4) Applications for tax credits pursuant to this subsection shall be
1239 accepted and approved on a first-come, first-served basis with all

1240 applications received on the same date deemed to be received
1241 simultaneously and approvals being made on a pro rata basis if such
1242 applications exceed the amount of remaining credits.

1243 (5) If an insurance reinvestment fund does not receive an
1244 investment of eligible reinvestment funds equaling the amount of
1245 credits against the tax imposed under section 38a-743 allocated to an
1246 insurance company, for which it filed an affidavit with its application
1247 prior to the fifth business day after receipt of certification, the
1248 insurance company shall notify the commissioner by overnight
1249 common carrier delivery service and that portion of eligible
1250 reinvestment funds allocated to the insurance company shall be
1251 forfeited. Such insurance reinvestment fund and forfeiting insurance
1252 company shall each be assessed a twenty-five-thousand-dollar
1253 administrative penalty. The commissioner shall reallocate the forfeited
1254 eligible reinvestment funds among all other remaining insurance
1255 companies.

1256 (6) To continue to be certified, an insurance reinvestment fund shall
1257 (A) be in compliance with the investment parameters set forth in its
1258 business plan; (B) have invested seventy per cent of its eligible
1259 reinvestment funds in eligible recipients by December 31, 2015, with a
1260 minimum of fifteen per cent of eligible reinvestment funds invested in
1261 green technology businesses; and (C) have invested one hundred per
1262 cent of its eligible reinvestment funds in eligible recipients by
1263 December 31, 2019, with a minimum of twenty-five per cent of eligible
1264 reinvestment funds invested in green technology businesses. An
1265 insurance reinvestment fund shall only invest eligible reinvestment
1266 funds in eligible recipients, bank deposits, certificates of deposit or
1267 other fixed income securities, and may not invest more than fifteen per
1268 cent of its eligible reinvestment funds in any one eligible recipient
1269 without prior approval of the commissioner.

1270 (7) Not later than January thirty-first annually, each insurance
1271 reinvestment fund shall report to the commissioner: (A) The amount of

1272 eligible reinvestment funds remaining at the end of the preceding year;
1273 (B) each investment in an eligible recipient during the preceding year
1274 and, with respect to each eligible recipient, its location and standard
1275 industry classification code; (C) the percentage of eligible reinvestment
1276 funds invested in green technology businesses; and (D) distributions
1277 made by the insurance reinvestment fund in the preceding year. In the
1278 annual report due by January 31, 2014, January 31, 2016, January 31,
1279 2018, and January 31, 2020, each insurance reinvestment fund shall
1280 also report to the commissioner its compliance with the investment
1281 parameters set forth in its business plan. Each insurance reinvestment
1282 fund shall provide to the commissioner annual audited financial
1283 statements.

1284 (8) To make a distribution or payment, an insurance reinvestment
1285 fund must have invested one hundred per cent of its eligible
1286 reinvestment funds in eligible recipients, with a minimum of twenty-
1287 five per cent of eligible reinvestment funds invested in green
1288 technology businesses, and a minimum of five per cent in preseed
1289 recipients, have principal business operations in this state at the time
1290 of such determination, except for the following distributions or
1291 payments: (A) Distributions related to the payment of any projected
1292 increase in federal or state taxes, including penalties and interest
1293 related to state and federal income taxes, of the equity owners of the
1294 insurance reinvestment fund resulting from the earnings or other tax
1295 liability of the insurance reinvestment fund to the extent that the
1296 increase is related to the ownership, management or operation of the
1297 insurance reinvestment fund; (B) payments of interest and principal on
1298 the debt of the insurance reinvestment fund; or (C) payments related to
1299 the reasonable costs and expenses of forming, syndicating, managing
1300 and operating the fund, provided the distribution or payment is not
1301 made directly or indirectly to an insurance company, including: (i)
1302 Reasonable and necessary fees paid for professional services, including
1303 legal and accounting services, related to the formation and operation
1304 of the insurance reinvestment fund; and (ii) an annual management fee
1305 in an amount that does not exceed two and one-half per cent of the

1306 eligible reinvestment funds of the insurance reinvestment fund. The
1307 insurance reinvestment fund shall not pay any management fees if it
1308 fails to invest seventy per cent of its eligible reinvestment funds in
1309 eligible recipients with a minimum of fifteen per cent of eligible
1310 reinvestment funds invested in green technology businesses within the
1311 fifth full income year after certification by the commissioner.

1312 (9) The commissioner shall review each annual report to ensure
1313 compliance with subdivisions (6), (7) and (8) of this subsection. A
1314 material variation of subdivision (6), (7) or (8) of this subsection is
1315 grounds for revocation of licensure of the insurance reinvestment
1316 fund. If the commissioner determines that an insurance reinvestment
1317 fund is not in compliance with subdivision (6), (7) or (8) of this
1318 subsection or the investment parameters of its business plan, the
1319 commissioner shall notify the officers of the company, in writing, that
1320 the insurance reinvestment fund may be subject to revocation of
1321 licensure after the one-hundred-twentieth day after the date of mailing
1322 the notice, unless the deficiencies are waived by the commissioner or
1323 are corrected and the insurance reinvestment fund returns to
1324 compliance with subdivisions (6), (7) and (8) of this subsection.

1325 (10) Revocation of licensure of an insurance reinvestment fund shall
1326 not cause the recapture of premium tax credits previously claimed by
1327 insurance companies. Revocation of licensure may cause the forfeiture
1328 of future premium tax credits to be claimed by insurance companies
1329 and the commissioner may fine an insurance reinvestment fund an
1330 amount equal to the premium tax credits previously claimed as
1331 follows:

1332 (A) Revocation of licensure of an insurance reinvestment fund after
1333 any of the first six annual reviews by the commissioner causes the
1334 forfeiture of all future premium tax credits not previously claimed by
1335 an insurance company with respect to such insurance reinvestment
1336 fund, and the commissioner shall fine such insurance reinvestment
1337 fund an amount equal to all premium tax credits claimed with respect
1338 to its eligible reinvestment funds, provided revocation of licensure of

1339 an insurance reinvestment fund by reason of failure to have invested at
1340 least fifteen per cent of its eligible reinvestment funds in green
1341 technology businesses by December 31, 2015, shall cause the
1342 commissioner to fine such insurance reinvestment fund an amount
1343 equal to all premium tax credits claimed for the tax years commencing
1344 on or after January 1, 2014, and prior to December 31, 2015.

1345 (B) For an insurance reinvestment fund that meets the requirements
1346 for continued certification under subparagraph (B) of subdivision (6) of
1347 this subsection and subsequently fails to meet the requirements for
1348 continued certification under subparagraph (C) of subdivision (6) of
1349 this subsection, any premium tax credit that has been or will be taken
1350 by an insurance company through the tax year commencing on or after
1351 January 1, 2015, is not subject to forfeiture and the insurance
1352 reinvestment company shall not be fined with respect to such tax
1353 credits, but any future premium tax credit shall be subject to forfeiture
1354 and the commissioner shall fine such insurance reinvestment company
1355 an amount equal to such premium tax credits claimed for tax years
1356 commencing January 1, 2016, but prior to December 31, 2019, provided
1357 the failure of an insurance reinvestment fund to have invested at least
1358 twenty-five per cent of its eligible reinvestment funds in green
1359 technology businesses by December 31, 2018, shall cause the
1360 commissioner to fine such insurance reinvestment fund an amount
1361 equal to all premium tax credits claimed for the tax years commencing
1362 on or after January 1, 2018, but prior to December 31, 2019.

1363 (C) For an insurance reinvestment fund that has invested one
1364 hundred per cent of its eligible reinvestment funds in eligible
1365 recipients with a minimum of twenty-five per cent of eligible
1366 reinvestment funds invested in green technology businesses, any
1367 premium tax credit claimed or to be claimed by an insurance company
1368 is not subject to forfeiture under this subsection and such insurance
1369 reinvestment fund is no longer subject to fines under this subdivision.

1370 [(j)] (d) The tax credit allowed by this section shall only be available
1371 for investments (1) in funds that are not open to additional

1372 investments or investors beyond the amount subscribed at the
1373 formation of the fund, or (2) under subsection (c) of this section, in
1374 insurance reinvestment funds that are not open to additional
1375 investments or investors after submission of the insurance
1376 reinvestments fund's application to the commissioner pursuant to
1377 subsection (c) of this section. No credits shall be allowed under this
1378 section for investments in any fund created on or after July 1, 2000.
1379 [No] On and after January 1, 2010, no credit shall be allowed under this
1380 section for investments made in an insurance business through [such
1381 fund after December 31, 2015] any fund, regardless of the date on
1382 which the fund was created. Any tax credit allowed by this section
1383 prior to January 1, 2010, may be claimed in accordance with this
1384 section.

1385 (e) The maximum amount of credit allowed under this section shall
1386 be forty million dollars per year.

1387 ~~[(k)]~~ (f) (1) The Commissioner of Revenue Services may treat one or
1388 more corporations that are properly included in a combined
1389 corporation business tax return under section 12-223 as one taxpayer in
1390 determining whether the appropriate requirements under this section
1391 are met. Where corporations are treated as one taxpayer for purposes
1392 of this subsection, then the credit shall be allowed only against the
1393 amount of the combined tax for all corporations properly included in a
1394 combined return that, under the provisions of subdivision (2) of this
1395 subsection, is attributable to the corporations treated as one taxpayer.
1396 (2) The amount of the combined tax for all corporations properly
1397 included in a combined corporation business tax return that is
1398 attributable to the corporations that are treated as one taxpayer under
1399 the provisions of this subsection shall be in the same ratio to such
1400 combined tax that the net income apportioned to this state of each
1401 corporation treated as one taxpayer bears to the net income
1402 apportioned to this state, in the aggregate, of all corporations included
1403 in such combined return. Solely for the purpose of computing such
1404 ratio, any net loss apportioned to this state by a corporation treated as
1405 one taxpayer or by a corporation included in such combined return

1406 shall be disregarded.

1407 [(l)] (g) (1) Any taxpayer allowed a credit under subsection (b) of
1408 this section may assign such credit to another person, provided such
1409 person may claim such credit only with respect to a calendar year for
1410 which the assigning taxpayer would have been eligible to claim such
1411 credit. The fund manager shall include in the report filed with the
1412 Commissioner of Revenue Services in accordance with subdivision (1)
1413 of subsection (b) of this section information requested by the
1414 commissioner regarding such assignments including the current
1415 holders of credits as of the end of the preceding calendar year.

1416 (2) An insurance company may transfer credits under subsection (c)
1417 of this section only in accordance with regulations adopted pursuant to
1418 subsection (j) of this section.

1419 [(m)] (h) No taxpayer shall be eligible for a credit under this section
1420 and either section 12-217e or section 12-217m for the same investment.
1421 No two taxpayers shall be eligible for any tax credit with respect to the
1422 same investment, employee or facility.

1423 [(n)] (i) Any tax credit not used in the income year for which it was
1424 allowed may be carried forward for the five immediately succeeding
1425 income years until the full credit has been allowed.

1426 [(o)] (j) The commissioner, with the approval of the Commissioner
1427 of Revenue Services and the Secretary of the Office of Policy and
1428 Management, [may] shall adopt regulations in accordance with
1429 chapter 54 to carry out the purposes of this section. Such regulations
1430 shall include provisions to facilitate the transfer of credits under
1431 subsection (c) of this section by an insurance company for funds
1432 invested in insurance reinvestment funds to an affiliate of said
1433 insurance company.

1434 Sec. 14. Sections 10-228b, 12-217l, 12-217u and 12-217cc of the
1435 general statutes are repealed. (*Effective from passage and applicable to*
1436 *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>July 1, 2010</i>	New section
Sec. 2	<i>July 1, 2010</i>	New section
Sec. 3	<i>July 1, 2010, and applicable to taxable years commencing on or after January 1, 2010</i>	New section
Sec. 4	<i>October 1, 2010</i>	32-35(b)
Sec. 5	<i>October 1, 2010</i>	32-41w
Sec. 6	<i>October 1, 2010</i>	32-39
Sec. 7	<i>October 1, 2010</i>	32-35(h)
Sec. 8	<i>July 1, 2010</i>	32-1c
Sec. 9	<i>July 1, 2010</i>	32-222
Sec. 10	<i>October 1, 2010</i>	10-282(3)
Sec. 11	<i>July 1, 2010, and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011</i>	12-217ii
Sec. 12	<i>July 1, 2010</i>	New section
Sec. 13	<i>July 1, 2010</i>	38a-88a
Sec. 14	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	Repealer section

CE *Joint Favorable Subst.*

APP *Joint Favorable*