



General Assembly

**Substitute Bill No. 1**

February Session, 2010

\* SB00001FIN\_\_040110\_\_ \*

**AN ACT CONCERNING THE PRESERVATION AND CREATION OF  
JOBS IN CONNECTICUT.**

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

1 Section 1. Subsection (b) of section 12-284b of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage and applicable to taxable years commencing on or after January 1,*  
4 *2010*):

5 (b) (1) Each limited liability company, limited liability partnership,  
6 limited partnership and S corporation shall be liable for the tax  
7 imposed by this section for each taxable year or portion thereof that  
8 such company, partnership or corporation is an affected business  
9 entity. Each affected business entity shall annually, on or before the  
10 fifteenth day of the fourth month following the close of its taxable year,  
11 pay to the Commissioner of Revenue Services a tax in the amount of  
12 two hundred fifty dollars.

13 (2) (A) For the taxable year commencing on January 1, 2010, and  
14 prior to December 31, 2010, the provisions of this section shall not  
15 apply to any affected business entity that (i) reports net income on the  
16 return required pursuant to section 12-726 of fifty thousand dollars or  
17 less, and (ii) employed at least one full-time employee in this state for  
18 not less than eight consecutive months during the taxable year  
19 commencing January 1, 2010, and prior to December 31, 2010;

20 (B) For the taxable year commencing on January 1, 2011, and prior  
21 to December 31, 2011, the provisions of this section shall not apply to  
22 any affected business entity that (i) reports income on the return  
23 required pursuant to section 12-726 of fifty thousand dollars or less,  
24 and (ii) employed at least one full-time employee in this state for not  
25 less than eight consecutive months during the taxable year  
26 commencing January 1, 2011, and prior to December 31, 2011; and

27 (C) For purposes of this subdivision, "full-time employee" means an  
28 employee or member or partner who works at least thirty-five hours or  
29 more per week.

30 Sec. 2. (NEW) *(Effective from passage and applicable to taxable years*  
31 *commencing on or after January 1, 2010)* (a) For purposes of this section:

32 (1) "TARP bonus" means an aggregate disqualified bonus of one  
33 million dollars or more received from covered TARP recipients, where  
34 such bonus represents a payment received in the taxable year  
35 commencing January 1, 2010, and prior to December 31, 2010, or  
36 January 1, 2011, and prior to December 31, 2011, or award for work  
37 performed during the taxable year commencing January 1, 2010, and  
38 prior to December 31, 2010, or January 1, 2011, and prior to December  
39 31, 2011. "TARP bonus" includes, but is not limited to, cash, loans,  
40 payments received in a medium other than cash, or arrangements for  
41 future payments.

42 (2) "Covered TARP recipient" means (A) any entity that, on or after  
43 October 3, 2008, received funds directly from the federal Troubled  
44 Assets Relief Program established pursuant to P.L. 110-343, (B) any  
45 entity that is a member of the same affiliated group, as defined in  
46 Section 1504 of the Internal Revenue Code of 1986, or any subsequent  
47 corresponding internal revenue code of the United States, as amended  
48 from time to time, as an entity, association or corporation described in  
49 subparagraph (A) of this subdivision, and (C) any partnership, if more  
50 than fifty per cent of the capital or profits interests of such partnership  
51 are owned, directly or indirectly, by one or more entities, associations

52 or corporations described in subparagraph (A) or (B) of this  
53 subdivision.

54 (3) "Disqualified bonus" means any retention payment, incentive  
55 payment or other bonus paid by a covered TARP recipient that is in  
56 addition to any amount payable to a taxpayer for services performed  
57 by such taxpayer at a regular hourly, daily, weekly, monthly or similar  
58 periodic rate. "Disqualified bonus" does not include commissions,  
59 welfare or fringe benefits or expense reimbursements.

60 (4) "TARP" means the federal Troubled Assets Relief Program  
61 established under P.L. 110-343.

62 (5) "Taxpayer" means any person, trust or estate subject to the tax  
63 imposed by chapter 229 of the general statutes.

64 (b) Notwithstanding the provisions of section 12-700 of the general  
65 statutes, for taxable years commencing on January 1, 2010, and January  
66 1, 2011, a taxpayer who receives a TARP bonus shall pay a tax on such  
67 bonus at a rate of eight and ninety-seven-hundredths per cent. Such  
68 TARP bonus shall not be subject to the provisions of section 12-700 of  
69 the general statutes, but any income received by such taxpayer in  
70 addition to such TARP bonus shall continue to be subject to the  
71 provisions of section 12-700 of the general statutes.

72 (c) The provisions of this section shall not apply to a taxpayer who  
73 irrevocably waives his or her right to the full amount of a TARP bonus  
74 or returns the full amount of such bonus to the covered TARP recipient  
75 prior to December thirty-first of the applicable taxable year, provided  
76 the taxpayer receives no benefit from the covered TARP recipient in  
77 connection with the waiver or return of such bonus.

78 (d) Any reimbursement to a taxpayer by a covered TARP recipient  
79 of the tax imposed by this section shall be treated as a disqualified  
80 bonus to the taxpayer liable for such tax.

81 (e) The provisions of this section shall apply to any bonus received

82 by a taxpayer from a covered TARP recipient, regardless of whether  
83 such covered TARP recipient has repaid in full or in part to the federal  
84 government any funds received pursuant to the Troubled Assets Relief  
85 Program.

86 (f) Any covered TARP recipient that pays or awards a TARP bonus  
87 of one million dollars or more during the taxable years commencing  
88 January 1, 2010, and January 1, 2011, shall comply with the provisions  
89 of sections 12-705 and 12-706 of the general statutes, as applicable.

90 Sec. 3. Subdivision (8) of subsection (a) of section 12-701 of the 2010  
91 supplement to the general statutes is repealed and the following is  
92 substituted in lieu thereof (*Effective from passage and applicable to taxable*  
93 *years commencing on or after January 1, 2010*):

94 (8) "Connecticut taxable income of a resident" means the  
95 Connecticut adjusted gross income of a natural person with respect to  
96 any taxable year reduced by (A) the amount of the exemption  
97 provided in section 12-702, and (B) for applicable taxable years, the  
98 amount of any TARP bonus, as defined in section 2 of this act.

99 Sec. 4. (NEW) (*Effective July 1, 2010*) (a) As used in this section,  
100 "small business" means a business employing fewer than fifty people.

101 (b) The Department of Economic and Community Development  
102 shall establish a small business assistance program to provide direct  
103 loans and loan guarantees to small businesses.

104 (c) As part of the small business assistance program, the department  
105 may: (1) (A) Guarantee, make an advance commitment to guarantee or  
106 cause to be guaranteed loans to small businesses, or (B) in the case that  
107 loans are not made available in the private market in connection with  
108 such guarantees, make or cause to be made direct loans to any  
109 qualified business; (2) make or cause to be made, direct loans to any  
110 small business; and (3) enter into participation agreements with other  
111 state or federal agencies, provided such agreements shall be limited to  
112 loans and loan guarantees that meet the requirements of the program

113 established pursuant to this section.

114 (d) There is established an account to be known as the "small  
115 business assistance account" which shall be a separate, nonlapsing  
116 account within the General Fund. The account shall contain any  
117 moneys required by law to be deposited in the account. Moneys in the  
118 account shall be expended by the Department of Economic and  
119 Community Development for the purposes of providing the loans and  
120 loan guarantees in the small business assistance program.

121 Sec. 5. (*Effective July 1, 2010*) (a) For the purposes described in  
122 subsection (b) of this section, the State Bond Commission shall have  
123 the power, from time to time, to authorize the issuance of bonds of the  
124 state in one or more series and in principal amounts not exceeding in  
125 the aggregate twenty million dollars.

126 (b) The proceeds of the sale of said bonds, to the extent of the  
127 amount stated in subsection (a) of this section, shall be deposited into  
128 the small business assistance account established pursuant to section 4  
129 of this act, to be used by the Department of Economic and Community  
130 Development for the purposes of the small business assistance  
131 program.

132 (c) All provisions of section 3-20 of the general statutes, or the  
133 exercise of any right or power granted thereby, which are not  
134 inconsistent with the provisions of this section are hereby adopted and  
135 shall apply to all bonds authorized by the State Bond Commission  
136 pursuant to this section, and temporary notes in anticipation of the  
137 money to be derived from the sale of any such bonds so authorized  
138 may be issued in accordance with said section 3-20 and from time to  
139 time renewed. Such bonds shall mature at such time or times not  
140 exceeding twenty years from their respective dates as may be provided  
141 in or pursuant to the resolution or resolutions of the State Bond  
142 Commission authorizing such bonds. None of said bonds shall be  
143 authorized except upon a finding by the State Bond Commission that  
144 there has been filed with it a request for such authorization which is

145 signed by or on behalf of the Secretary of the Office of Policy and  
 146 Management and states such terms and conditions as said commission,  
 147 in its discretion, may require. Said bonds issued pursuant to this  
 148 section shall be general obligations of the state and the full faith and  
 149 credit of the state of Connecticut are pledged for the payment of the  
 150 principal of and interest on said bonds as the same become due, and  
 151 accordingly and as part of the contract of the state with the holders of  
 152 said bonds, appropriation of all amounts necessary for punctual  
 153 payment of such principal and interest is hereby made, and the State  
 154 Treasurer shall pay such principal and interest as the same become  
 155 due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	12-284b(b)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	New section
Sec. 3	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	12-701(a)(8)
Sec. 4	<i>July 1, 2010</i>	New section
Sec. 5	<i>July 1, 2010</i>	New section

**Statement of Legislative Commissioners:**

In sections 1 and 2, references to December 31 were added to ensure accuracy of reference to the applicable taxable year.

**FIN**            *Joint Favorable Subst.*