



General Assembly

Substitute Bill No. 432

February Session, 2010

* SB00432FIN__040510__ *

AN ACT CONCERNING A REVIEW OF TAX CREDITS.

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

1 Section 1. (NEW) (*Effective July 1, 2010*) (a) Notwithstanding the
2 provisions of subsection (b) of section 32-1m of the general statutes, on
3 or before January 1, 2011, and every three years thereafter, the
4 Commissioner of Economic and Community Development, in
5 consultation with the Commissioner of Revenue Services, shall prepare
6 a report with regard to any tax credit or abatement program enacted
7 for the purpose of recruitment or retention of businesses. The report
8 shall include, but need not be limited to:

9 (1) A baseline assessment of the tax credit and abatement programs
10 enacted to encourage business growth in the state, including the
11 number of aggregate jobs associated with taxpayers eligible for such
12 tax credits or abatements and the aggregate annual revenue that such
13 taxpayers generate for the state through the direct taxes applied to
14 them and through their support of the state's economy through
15 employment and other activities;

16 (2) A listing, by program, of the amount of tax credits and
17 abatements approved by the state during the preceding calendar year;

18 (3) A summary and evaluation of all tax credit programs
19 administered by the Department of Economic and Community

20 Development. Such summary and evaluation shall include, but need
21 not be limited to, for each tax credit program: (A) An assessment of the
22 intended statutory and programmatic goals of the tax credit; (B) the
23 number of taxpayers granted tax credits under the program during the
24 previous twelve-month period; (C) the value of the tax credits granted,
25 listed by the North American Industrial Classification System code
26 associated with the taxpayers receiving such credits; (D) the value of
27 the tax credits actually claimed and the value of the tax credits carried
28 forward, listed by the North American Industrial Classification System
29 code associated with the taxpayers claiming or carrying forward the
30 credits; (E) an assessment and five-year projection of the potential
31 impact on the state's revenue stream from carry forwards allowed
32 under such tax credit program; (F) an analysis of the economic impact
33 of the tax credit program and whether the statutory and programmatic
34 goals are being met, with obstacles to such goals identified, if possible;
35 (G) the type and value of tax credits assigned and a summary by North
36 American Industrial Classification System codes of taxpayers to which
37 such credits are assigned; (H) a cost-benefit analysis of the revenue
38 foregone by allowing a tax credit, as compared to the economic impact
39 of such credit; (I) the cost to the state to administer the tax credit
40 program, and a comparison between such cost and the net revenue
41 generated to the state by each such program; (J) the average and
42 aggregate administrative and compliance cost, to taxpayers, to comply
43 with the requirements of the tax credit program; and (K) a
44 recommendation as to whether the tax credit program should be
45 continued, modified or repealed, the basis for such recommendation
46 and the expected impact of such recommendation on the state's
47 economy;

48 (4) (A) An assessment of the fairness, performance, burden, tax
49 incidence and economic impact of the state's corporation business tax
50 and taxes on domestic and foreign insurance companies pursuant to
51 chapter 207 of the general statutes; (B) the cost to the state to
52 administer the state's corporation business tax and taxes on domestic
53 and foreign insurance companies pursuant to chapter 207 of the

54 general statutes, and a comparison between such costs and the net
55 revenue generated to the state by such taxes, and (C) the average and
56 aggregate administrative and compliance costs to taxpayers associated
57 with such taxes; and

58 (5) The methodology and assumptions used in carrying out the
59 assessments, projections and analyses required pursuant to
60 subdivisions (1), (3) and (4) of this subsection.

61 (b) The Commissioner of Economic and Community Development
62 shall submit the reports required pursuant to this section, in
63 accordance with section 11-4a of the general statutes, to the Governor,
64 the Secretary of the Office of Policy and Management, and to the joint
65 standing committees of the General Assembly having cognizance of
66 matters relating to appropriations, finance and commerce.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2010</i>	New section
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FIN *Joint Favorable Subst.*