



General Assembly

Amendment

February Session, 2010

LCO No. 4157

HB0553404157HRO

Offered by:

REP. CAFERO, 142nd Dist.

REP. HAMZY, 78th Dist.

REP. KLARIDES, 114th Dist.

To: House Bill No. 5534

File No. 568

Cal. No. 359

"AN ACT ESTABLISHING A REVENUE ACCOUNTABILITY COMMISSION."

1 Strike line 84 in its entirety and insert the following in lieu thereof:
2 "statutes. The report's findings shall include a study of the impact on
3 business growth and the state's economy resulting from (A) the small
4 business loan program established by section 501 of this act, (B) the
5 jobs creation tax credit established by section 12-217ii of the general
6 statutes, as amended by this act, and (C) the repeal of the business
7 entity tax. Such report shall also include the commission's"

8 After the last section, add the following and renumber sections and
9 internal references accordingly:

10 "Sec. 501. (NEW) (*Effective July 1, 2010*) (a) As used in this section,
11 "qualified business" means a business employing one hundred or
12 fewer employees.

13 (b) Subject to the availability of funds, the Commissioner of
14 Economic and Community Development may establish a qualified
15 business assistance program to provide loans to qualified businesses.

16 (c) To implement the program established pursuant to subsection
17 (b) of this section, the commissioner may make or cause to be made
18 direct loans to any qualified business, provided the cumulative total of
19 outstanding loans (1) to any business at any time shall not exceed five
20 hundred thousand dollars, and (2) to all businesses at any time shall
21 not exceed twenty-five million dollars. The commissioner may enter
22 into participation agreements with the Connecticut Development
23 Authority, provided such agreements shall be limited to loans that
24 meet the requirements of this section.

25 (d) There is established an account to be known as the "qualified
26 business revolving loan account" which shall be a separate, nonlapsing
27 account within the General Fund. The account shall contain any
28 moneys required by law to be deposited in the account. Payments of
29 principal or interest on a loan made pursuant to this section shall be
30 paid to the State Treasurer for deposit in the qualified business
31 revolving loan account. Moneys in the account shall be expended by
32 the Commissioner of Economic and Community Development for the
33 purposes of the qualified business assistance program established
34 pursuant to this section, including reasonable and necessary expenses
35 incurred in administering loans under this section.

36 (e) The commissioner shall adopt regulations in accordance with
37 chapter 54 of the general statutes to implement the provisions of this
38 section. Such regulations shall include, but need not be limited to,
39 eligibility criteria and terms and conditions for loans.

40 Sec. 502. (*Effective July 1, 2010*) (a) For the purposes described in
41 subsection (b) of this section, the State Bond Commission shall have
42 the power, from time to time, to authorize the issuance of bonds of the
43 state in one or more series and in principal amounts not exceeding in
44 the aggregate twenty-five million dollars.

45 (b) The proceeds of the sale of said bonds, to the extent of the
46 amount stated in subsection (a) of this section, shall be deposited in the
47 qualified business revolving loan account established by section 501 of
48 this act, and used by the Department of Economic and Community
49 Development for the purpose of the qualified business assistance
50 program established pursuant to section 501 of this act.

51 (c) All provisions of section 3-20 of the general statutes, or the
52 exercise of any right or power granted thereby, which are not
53 inconsistent with the provisions of this section are hereby adopted and
54 shall apply to all bonds authorized by the State Bond Commission
55 pursuant to this section, and temporary notes in anticipation of the
56 money to be derived from the sale of any such bonds so authorized
57 may be issued in accordance with said section 3-20 and from time to
58 time renewed. Such bonds shall mature at such time or times not
59 exceeding twenty years from their respective dates as may be provided
60 in or pursuant to the resolution or resolutions of the State Bond
61 Commission authorizing such bonds. None of said bonds shall be
62 authorized except upon a finding by the State Bond Commission that
63 there has been filed with it a request for such authorization which is
64 signed by or on behalf of the Secretary of the Office of Policy and
65 Management and states such terms and conditions as said commission,
66 in its discretion, may require. Said bonds issued pursuant to this
67 section shall be general obligations of the state and the full faith and
68 credit of the state of Connecticut are pledged for the payment of the
69 principal of and interest on said bonds as the same become due, and
70 accordingly and as part of the contract of the state with the holders of
71 said bonds, appropriation of all amounts necessary for punctual
72 payment of such principal and interest is hereby made, and the State
73 Treasurer shall pay such principal and interest as the same become
74 due.

75 Sec. 503. (NEW) (*Effective October 1, 2010*) (a) As used in this section:

76 (1) "Jobs" means permanent, full-time equivalent positions, not
77 including construction jobs;

78 (2) "Commissioner" means the Commissioner of Economic and
79 Community Development;

80 (3) "Permit applications" means applications for state permits and
81 licenses; and

82 (4) "Permit ombudsman" means the office of the permit ombudsman
83 established within the Department of Economic and Community
84 Development under this section.

85 (b) (1) The commissioner shall establish an office of the permit
86 ombudsman for the purpose of expediting review of permit
87 applications for projects that would (A) create at least one hundred
88 jobs, (B) create fifty jobs, if such project is to be located in an enterprise
89 zone designated pursuant to section 32-70 of the general statutes, (C)
90 include not less than one hundred residential units of affordable or
91 work force housing that is compatible with the state's responsible
92 growth initiatives, (D) be located in a brownfield, as defined in section
93 32-9cc of the general statutes, (E) be compatible with the state's
94 responsible growth initiatives, or (F) meet the criteria set forth in
95 subdivision (2) of this subsection. Projects ineligible for review under
96 this section are projects for which the primary purpose is to (i) effect
97 the final disposal of solid waste, biomedical waste or hazardous waste
98 in this state, (ii) produce electrical power, unless the production of
99 electricity is incidental and not the primary function of the project, (iii)
100 extract natural resources, (iv) produce oil, or (v) construct, maintain or
101 operate an oil, petroleum, natural gas or sewage pipeline.

102 (2) Notwithstanding the provisions of subdivision (1) of this
103 subsection, the commissioner may, upon consideration of the
104 economic impact factors of the project that include, but are not limited
105 to: (A) The proposed wage and skill levels relative to those existing in
106 the area in which the project may be located, (B) the project's potential
107 to diversify and strengthen the state and local economy, (C) the
108 amount of capital investment, and (D) in the judgment of the
109 commissioner, after consultation with the departments of

110 Environmental Protection, Transportation and Public Health that there
111 is consistency with the strategic economic Development priorities of
112 the state and the municipality, deem projects eligible for expedited
113 permitting pursuant to this section.

114 (c) Within available appropriations, the Departments of
115 Environmental Protection, Transportation and Public Health shall each
116 designate through existing resources one or more staff members to act
117 as a business ombudsmen and a liaison between their offices and the
118 permit ombudsmen. The Commissioners of Economic and Community
119 Development, Environmental Protection, Transportation and Public
120 Health shall enter into a memorandum of understanding concerning
121 each entity's responsibilities with respect to the permit ombudsmen
122 and the process for expediting eligible permit applications.

123 (d) The memorandum of understanding may provide for the waiver
124 or modification of procedural rules prescribing forms, fees, procedures
125 or time limits for the review or processing of permit applications under
126 the jurisdiction of those agencies. Notwithstanding any other provision
127 of the general statutes, to the extent feasible, the memorandum of
128 understanding shall provide for proceedings and hearings otherwise
129 held separately by the parties to be combined into one proceeding or
130 held jointly and at one location. Such waivers or modifications shall
131 not be available for permit applications governed by federally
132 delegated or approved permitting programs, the requirements of
133 which would prohibit, or be inconsistent with, such waivers or
134 modifications.

135 (e) The permit ombudsman may develop and recruit two volunteers
136 from the private sector, including a person from a state-wide business
137 association and one from an association representing small businesses.
138 Said volunteers may assist the permit ombudsman in developing the
139 guidelines established pursuant to subsection (f) of this section.

140 (f) The permit ombudsman, subject to the approval of the
141 Commissioner of Economic and Community Development, shall

142 establish, pursuant to subsection (c) of this section, guidelines to be
143 used in working with state permitting authorities to implement the
144 provisions of this section. Guidelines may include, but are not limited
145 to, the following: (1) An agency contact point for filing permit
146 applications and for obtaining information on permit requirements; (2)
147 identification of the individual or individuals within each respective
148 agency who shall be responsible for processing the expedited permit
149 application; (3) a mandatory preapplication review process to reduce
150 permitting conflicts by providing guidance to applicants on (A) the
151 permits needed from each agency, (B) specifications for site planning
152 and development, site suitability and limitations and facility design,
153 and (C) steps the applicant can take to ensure expeditious permit
154 application and local comprehensive plan amendment review; (4) a
155 single, coordinated project description form and checklist and an
156 agreement by state agencies to reduce the necessity that an applicant
157 provide duplicate information to multiple agencies; and (5) an
158 application fee structure for permit expedition.

159 (g) The permit ombudsman, at the request of the Commissioner of
160 Economic and Community Development, may call upon any other
161 department, board, commission or other agency of the state to assist in
162 providing information and assistance as said permit ombudsman
163 determines necessary to expedite its duties and responsibilities. Each
164 officer or employee of such office, department, board, commission or
165 other agency of the state shall make reasonable efforts to cooperate
166 with the permit ombudsman.

167 (h) The expedited permitting process established pursuant to this
168 section shall not modify, qualify or otherwise alter existing agency
169 nonprocedural standards for permit applications, unless expressly
170 authorized by law. If it is determined that the applicant is not eligible
171 to use this process, the applicant may apply for permitting of the
172 project through the normal permitting processes.

173 Sec. 504. (NEW) (*Effective July 1, 2010*) (a) Beginning with the regular
174 session of the General Assembly commencing on January 5, 2011, an

175 employment impact statement shall be prepared with respect to certain
176 bills and amendments that could, if passed, increase or decrease the
177 level of employment in this state.

178 (b) Not later than January 1, 2011, the joint standing committees of
179 the General Assembly on commerce and finance, revenue and bonding
180 shall make recommendations for a provision to be included in the joint
181 rules of the House of Representatives and the Senate concerning the
182 procedure for the preparation of such employment impact statements,
183 the content of such statements and the types of bills and amendments
184 with respect to which such statements should be prepared.

185 Sec. 505. Section 12-217ii of the general statutes is repealed and the
186 following is substituted in lieu thereof (*Effective July 1, 2010, and*
187 *applicable to income or taxable years, as applicable, commencing on or after*
188 *January 1, 2010*):

189 (a) As used in this section:

190 (1) "Commissioner" means the Commissioner of Economic and
191 Community Development;

192 (2) "Income year" means, with respect to entities subject to the
193 insurance premiums tax under chapter 207, the corporation business
194 tax under this chapter or the [utilities company] utility companies tax
195 under chapter 212, the income year as determined under each of said
196 chapters, as the case may be, or with respect to the partners or
197 members of affected business entities, the taxable year as determined
198 under chapter 229;

199 (3) "Taxpayer" means a person subject to tax under chapter 207, this
200 chapter or chapter 212, or an affected business entity, as defined in
201 section 12-284b, the partners or members of which are subject to tax
202 under chapter 229;

203 (4) ["New"] "Net new job" means a full-time job which [(A) did not
204 exist in this state prior to a taxpayer's application to the commissioner

205 for an eligibility certificate under this section for a job creation credit,
206 and (B)] is newly-created by the taxpayer and is filled by a new
207 employee;

208 (5) "New employee" means a [person] state resident hired by the
209 taxpayer to fill a new full-time job in Connecticut. A new employee
210 does not include a person who was employed in Connecticut by a
211 related person with respect to the taxpayer during the prior twelve
212 months;

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

216 (7) "Related person" means (A) a corporation, limited liability
217 company, partnership, association or trust controlled by the taxpayer,
218 (B) an individual, corporation, limited liability company, partnership,
219 association or trust that is in control of the taxpayer, (C) a corporation,
220 limited liability company, partnership, association or trust controlled
221 by an individual, corporation, limited liability company, partnership,
222 association or trust that is in control of the taxpayer, or (D) a member
223 of the same controlled group as the taxpayer; and

224 (8) "Control", with respect to a corporation, means ownership,
225 directly or indirectly, of stock possessing fifty per cent or more of the
226 total combined voting power of all classes of the stock of such
227 corporation entitled to vote. "Control", with respect to a trust, means
228 ownership, directly or indirectly, of fifty per cent or more of the
229 beneficial interest in the principal or income of such trust. The
230 ownership of stock in a corporation, of a capital or profits interest in a
231 partnership, limited liability company or association or of a beneficial
232 interest in a trust shall be determined in accordance with the rules for
233 constructive ownership of stock provided in Section 267(c) of the
234 Internal Revenue Code of 1986, or any subsequent corresponding
235 internal revenue code of the United States, as from time to time
236 amended, other than paragraph (3) of said Section 267(c).

237 (b) (1) There is established a jobs creation tax credit program
238 whereby a taxpayer who creates [at least ten new jobs in Connecticut]
239 a net new job may be allowed a credit against the tax imposed under
240 chapter 207, this chapter, [or] chapter 212 [, in an amount up to sixty
241 per cent of the income tax deducted and withheld from the wages of
242 new employees and paid over to the state pursuant to chapter 229] or
243 chapter 229, provided the new employee hired for such net new job
244 was, at the time of hiring, receiving benefits pursuant to chapter 567 or
245 had exhausted all such benefits and was not currently working in a
246 full-time job. The amount of such credit shall be in an amount equal to
247 four hundred dollars per month that each new employee remains in
248 the net new job. For each new employee, credits may be granted for
249 thirty-six successive months.

250 [(2) For each new employee, credits may be granted for five
251 successive years.]

252 [(3)] (2) The credit shall be claimed in the income year in which it is
253 earned. Any credits not used in [a tax] an income year shall expire.

254 (c) Any taxpayer planning to create one or more net new jobs and
255 claim a credit under the provisions of this section shall apply to the
256 commissioner in accordance with the provisions of this section. The
257 application shall be on a form provided by the commissioner, and shall
258 contain sufficient information concerning the number of net new jobs
259 to be created, feasibility studies or business plans for the increased
260 number of jobs, projected state and local revenue that might derive as
261 a result of the job growth and other information necessary to
262 demonstrate that there will be net benefits to the economy of the
263 municipality and the state. The commissioner shall impose a fee for
264 such application as the commissioner deems appropriate. The
265 commissioner shall consider applications and approve tax credits to
266 taxpayers in the order in which such applications are received.

267 (d) The commissioner shall determine whether (1) the taxpayer
268 making the application is eligible for the tax credit, (2) the new

269 employee was receiving benefits pursuant to chapter 567 or had
270 exhausted such benefits and was not currently working in a full-time
271 job, and [(2)] (3) the proposed job growth (A) is economically viable
272 only with use of the tax credit, (B) would provide a net benefit to
273 economic development and employment opportunities in the state,
274 and (C) conforms to the state plan of conservation and development
275 prepared pursuant to section 16a-24. The commissioner may require
276 the applicant to submit such additional information as may be
277 necessary to evaluate the application.

278 (e) (1) The commissioner, upon consideration of the application and
279 any additional information the commissioner requires concerning the
280 job growth, may approve the credit application, in whole or in part, if
281 the commissioner concludes that the increase in the number of jobs is
282 economically viable only with the use of the tax credit and that the
283 revenue generated due to economic development and employment
284 opportunities created in the state exceeds the credit and any other
285 credits to be taken. If the commissioner disapproves an application, the
286 commissioner shall specifically identify the defects in the application
287 and specifically explain the reasons for the disapproval. The
288 commissioner shall render a decision on an application not later than
289 ninety days after the date of its receipt by the commissioner.

290 (2) The total amount of credits granted to all taxpayers shall not
291 exceed [ten million] seventeen million five hundred thousand dollars
292 in any one fiscal year. No new tax credits may be allowed pursuant to
293 this section in any one fiscal year once the seventeen-million-five-
294 hundred-thousand-dollar limit is reached.

295 (3) [A credit under this section may be granted to a taxpayer for not
296 more than five successive income years.] No new tax credits shall be
297 allowed pursuant to this section after December 31, 2013.

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

301 (f) Upon approving a taxpayer's credit application, the
302 commissioner shall issue a credit allocation notice certifying that the
303 credits will be available to be claimed by the taxpayer if the taxpayer
304 otherwise meets the requirements of this section. No later than thirty
305 days after the close of the taxpayer's income year, the taxpayer shall
306 provide information to the commissioner regarding the number of net
307 new jobs created for the year, [and the income tax deducted and
308 withheld from the wages of such new employees and paid over to the
309 state for such year.] The commissioner shall issue a certificate of
310 eligibility that includes the taxpayer's name, the number of net new
311 jobs created, and the amount of the credit certified for the year. The
312 certificate shall be issued by the commissioner sixty days after the
313 close of the taxpayer's income year or thirty days after the information
314 is provided, whichever comes first.

315 (g) The commissioner shall, upon request, provide a copy of the
316 certificate of eligibility issued under subsection (f) of this section to the
317 Commissioner of Revenue Services.

318 [(h) (1) If (A) the number of new employees on account of which a
319 taxpayer claimed the credit allowed by this section decreases to less
320 than the number for which the commissioner issued an eligibility
321 certificate during any of the four years succeeding the first full income
322 year following the issuance of an eligibility certificate, and (B) those
323 employees are not replaced by other employees who have not been
324 shifted from an existing location of the taxpayer or a related person in
325 this state, the taxpayer shall be required to recapture a percentage of
326 the credit allowed under this section on its tax return, as determined
327 under the provisions of subdivision (2) of this subsection. The
328 commissioner shall provide notice of the required recapture amount to
329 both the taxpayer and the Commissioner of Revenue Services.

330 (2) If the taxpayer is required under the provisions of subdivision
331 (1) of this subsection to recapture a portion of the credit during (A) the
332 first of such four years, then ninety per cent of the credit allowed shall
333 be recaptured on the tax return required to be filed for such year, (B)

334 the second of such four years, then sixty-five per cent of the credit
335 allowed for the entire period of eligibility shall be recaptured on the
336 tax return required to be filed for such year, (C) the third of such four
337 years, then fifty per cent of the credit allowed for the entire period of
338 eligibility shall be recaptured on the tax return required to be filed for
339 such year, (D) the fourth of such four years, then thirty per cent of the
340 credit allowed for the entire period of eligibility shall be recaptured on
341 the tax return required to be filed for such year.]

342 Sec. 506. Section 12-284b of the general statutes is repealed. (*Effective*
343 *from passage and applicable to taxable years commencing on or after January*
344 *1, 2010*)"