



General Assembly

January Session, 2011

**Raised Bill No. 6584**

LCO No. 4448

\*04448\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:

(CE)

**AN ACT ESTABLISHING A MANUFACTURING REINVESTMENT ACCOUNT.**

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

1 Section 1. (NEW) (*Effective July 1, 2011*) (a) For the purposes of this  
2 section, "manufacturing reinvestment account" means a trust created  
3 or organized in the United States for the benefit of the taxpayer in  
4 which a taxpayer may make cash contributions not to exceed two  
5 hundred thousand dollars per taxable year. Moneys in a  
6 manufacturing reinvestment account shall not be invested in life  
7 insurance contracts or comingled with other property.

8 (b) The Department of Economic and Community Development  
9 shall establish and administer a manufacturing reinvestment account  
10 program to allow any corporation subject to tax pursuant to chapter  
11 208 of the general statutes engaged in the business of manufacturing as  
12 defined in subdivision (72) of section 12-81 of the general statutes to  
13 establish a manufacturing reinvestment account, provided (1)  
14 contributions in any taxable year shall not exceed the lesser of (A) two  
15 hundred fifty thousand dollars, or (B) such manufacturer's domestic  
16 gross receipts, (2) moneys may be held in such account for not more

17 than five years, (3) distributions from such account shall be used by  
18 such manufacturer to purchase machinery, equipment or  
19 manufacturing facilities, as defined in said subdivision (72) of section  
20 12-81, or for workforce training and development, and (4)  
21 disbursements shall not be subject to tax under chapter 208 of the  
22 general statutes.

23 (c) There is established an account to be known as the  
24 "manufacturing reinvestment account" which shall be a separate,  
25 nonlapsing account within the General Fund. The account shall  
26 contain any moneys required by law to be deposited in the account.  
27 Moneys in the account shall be expended by the Department of  
28 Economic and Community Development for the purposes of the  
29 manufacturing reinvestment account program established pursuant to  
30 subsection (b) of this section.

31 (d) The Department of Economic and Community Development  
32 shall adopt regulations in accordance with the provisions of chapter 54  
33 of the general statutes to establish guidelines and procedures for the  
34 manufacturing reinvestment account program established pursuant to  
35 subsection (b) of this section.

36 Sec. 2. Subdivision (1) of subsection (a) of section 12-217 of the  
37 general statutes is repealed and the following is substituted in lieu  
38 thereof (*Effective July 1, 2011, and applicable to taxable years commencing*  
39 *on and after January 1, 2012*):

40 (a) (1) In arriving at net income as defined in section 12-213, whether  
41 or not the taxpayer is taxable under the federal corporation net income  
42 tax, there shall be deducted from gross income, (A) all items deductible  
43 under the Internal Revenue Code effective and in force on the last day  
44 of the income year except (i) any taxes imposed under the provisions  
45 of this chapter which are paid or accrued in the income year and in the  
46 income year commencing January 1, 1989, and thereafter, any taxes in  
47 any state of the United States or any political subdivision of such state,  
48 or the District of Columbia, imposed on or measured by the income or

49 profits of a corporation which are paid or accrued in the income year,  
50 (ii) deductions for depreciation, which shall be allowed as provided in  
51 subsection (b) of this section, (iii) deductions for qualified domestic  
52 production activities income, as provided in Section 199 of the Internal  
53 Revenue Code, and (iv) in the case of any captive real estate  
54 investment trust, the deduction for dividends paid provided under  
55 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in  
56 the case of a regulated investment company, the sum of (i) the exempt-  
57 interest dividends, as defined in the Internal Revenue Code, and (ii)  
58 expenses, bond premium, and interest related to tax-exempt income  
59 that are disallowed as deductions under the Internal Revenue Code,  
60 and (C) in the case of a taxpayer maintaining an international banking  
61 facility as defined in the laws of the United States or the regulations of  
62 the Board of Governors of the Federal Reserve System, as either may  
63 be amended from time to time, the gross income attributable to the  
64 international banking facility, provided, no expense or loss attributable  
65 to the international banking facility shall be a deduction under any  
66 provision of this section, and (D) additionally, in the case of all  
67 taxpayers, all dividends as defined in the Internal Revenue Code  
68 effective and in force on the last day of the income year not otherwise  
69 deducted from gross income, including dividends received from a  
70 DISC or former DISC as defined in Section 992 of the Internal Revenue  
71 Code and dividends deemed to have been distributed by a DISC or  
72 former DISC as provided in Section 995 of said Internal Revenue Code,  
73 other than thirty per cent of dividends received from a domestic  
74 corporation in which the taxpayer owns less than twenty per cent of  
75 the total voting power and value of the stock of such corporation, and  
76 (E) additionally, in the case of all taxpayers, the value of any capital  
77 gain realized from the sale of any land, or interest in land, to the state,  
78 any political subdivision of the state, or to any nonprofit land  
79 conservation organization where such land is to be permanently  
80 preserved as protected open space or to a water company, as defined  
81 in section 25-32a, where such land is to be permanently preserved as  
82 protected open space or as Class I or Class II water company land, and

83 (F) in the case of manufacturers, the amount of any contribution to a  
84 manufacturing reinvestment account established pursuant to section 1  
85 of this act in the taxable year that such contribution is made.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>July 1, 2011, and applicable to taxable years commencing on and after January 1, 2012</i>	12-217(a)(1)

**Statement of Purpose:**

To establish a manufacturing reinvestment account to encourage and facilitate manufacturers investing in machinery, equipment, facilities and job training.

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