



General Assembly

**Bill No. 6801**

October Special Session,  
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LCO No. 8949

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Referred to Committee on No Committee

Introduced by:

REP. DONOVAN, 84<sup>th</sup> Dist.

REP. SHARKEY, 88<sup>th</sup> Dist.

SEN. WILLIAMS, 29<sup>th</sup> Dist.

SEN. MCKINNEY, 28<sup>th</sup> Dist.

SEN. LOONEY, 11<sup>th</sup> Dist.

REP. CAFERO, 142<sup>nd</sup> Dist.

**AN ACT PROMOTING ECONOMIC GROWTH AND JOB CREATION IN THE STATE.**

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

1 Section 1. (NEW) (*Effective from passage*) (a) There is established  
2 within the Department of Economic and Community Development the  
3 Small Business Express program. Said program shall provide small  
4 businesses with various forms of financial assistance, using a  
5 streamlined application process to expedite the delivery of such  
6 assistance. A small business eligible for assistance through said  
7 program shall, as of the effective date of this section, (1) employ, on at  
8 least fifty per cent of its working days during the preceding twelve  
9 months, not more than fifty employees, (2) be a Connecticut-based  
10 business with operations in Connecticut, (3) have been registered to  
11 conduct business in this state for not less than twelve months, and (4)  
12 be in good standing with the payment of all state and local taxes and

13 with all state agencies.

14 (b) The Small Business Express program shall consist of various  
15 components, including (1) a revolving loan fund, as described in  
16 subsection (d) of this section, to support small business growth, (2) a  
17 job creation incentive component, as described in subsection (e) of this  
18 section, to support hiring, and (3) a matching grant component, as  
19 described in subsection (f) of this section, to provide capital to small  
20 businesses that can match the state grant amount. The Commissioner  
21 of Economic and Community Development shall work with eligible  
22 small business applicants to provide a package of assistance using not  
23 only the financial assistance provided by the Small Business Express  
24 program but also Subsidized Training and Employment program  
25 established pursuant to section 4 of this act, and any other appropriate  
26 state program. Notwithstanding the provisions of section 32-5a of the  
27 general statutes, regarding relocation limits, the department may  
28 require as a condition of receiving financial assistance pursuant to this  
29 section, that a small business receiving such assistance shall not  
30 relocate, as defined in said section 32-5a, for five years after receiving  
31 such assistance. All other conditions and penalties imposed pursuant  
32 to said section 32-5a shall continue to apply to such small business.

33 (c) The commissioner shall establish a streamlined application  
34 process for the Small Business Express program. The small business  
35 applicant may receive assistance pursuant to said program not later  
36 than thirty days after submitting a completed application to the  
37 department. Any small business meeting the eligibility criteria in  
38 subsection (a) of this section may apply to said program. The  
39 commissioner shall give priority for available funding to (1) small  
40 businesses creating jobs, and (2) economic base industries, as defined  
41 in subsection (d) of section 32-222 of the general statutes, including,  
42 but not limited to, those in the fields of precision manufacturing,  
43 business services, green and sustainable technology, bioscience and  
44 information technology.

45 (d) (1) There is established as part of the Small Business Express  
46 program a revolving loan fund to provide loans to eligible small  
47 businesses. Such loans shall be used for acquisition of machinery and  
48 equipment, construction or leasehold improvements, relocation  
49 expenses, working capital or other business-related expenses, as  
50 authorized by the commissioner.

51 (2) Loans from the revolving loan fund may be in amounts from ten  
52 thousand dollars to a maximum of one hundred thousand dollars,  
53 shall carry a maximum repayment rate of four per cent and shall be for  
54 a term of not more than five years. The department shall review and  
55 approve loan terms, conditions and collateral requirements in a  
56 manner that prioritizes job growth and retention.

57 (3) Any eligible small business meeting the eligibility criteria in  
58 subsection (a) of this section may apply for assistance from the  
59 revolving loan fund, but the commissioner shall give priority to  
60 applicants that, as part of their business plan, are creating new jobs  
61 that will be maintained for not less than twelve consecutive months.

62 (e) (1) There is established as part of the Small Business Express  
63 program a job creation incentive component to provide loans for job  
64 creation to small businesses meeting the eligibility criteria in  
65 subsection (a) of this section, with the option of loan forgiveness based  
66 on the maintenance of an increased number of jobs for not less than  
67 twelve consecutive months. Such loans may be used for training,  
68 marketing, working capital or other expenses, as approved by the  
69 commissioner, that support job creation.

70 (2) Loans under the job creation incentive component may be in  
71 amounts from ten thousand dollars to a maximum of two hundred  
72 fifty thousand dollars. Payments on such loans may be deferred, and  
73 all or part of such loan may be forgiven, based upon the  
74 commissioner's assessment of the small business's attainment of job  
75 creation goals. The department shall review and approve loan terms,  
76 conditions and collateral requirements in a manner that prioritizes job

77 creation.

78 (f) (1) There is established as part of the Small Business Express  
79 program a matching grant component to provide grants for capital to  
80 small businesses meeting the eligibility criteria in subsection (a) of this  
81 section. Such small businesses shall match any state funds awarded  
82 under this program. Grant funds may be used for ongoing or new  
83 training, working capital, acquisition of machinery and equipment,  
84 construction or leasehold improvements, relocation within the state or  
85 other business-related expenses authorized by the commissioner.

86 (2) Matching grants provided under the matching grant component  
87 may be in amounts from ten thousand dollars to a maximum of one  
88 hundred thousand dollars. The commissioner shall prioritize  
89 applicants for matching grants based upon the likelihood that such  
90 grants will assist applicants in maintaining job growth.

91 (g) Not later than June 30, 2012, and every six months thereafter, the  
92 commissioner shall provide a report, in accordance with the provisions  
93 of section 11-4a of the general statutes, to the joint standing committees  
94 of the General Assembly having cognizance of matters relating to  
95 finance, revenue and bonding, appropriations, commerce and labor.  
96 Such report shall include available data on (1) the number of small  
97 businesses that applied to the Small Business Express program, (2) the  
98 number of small businesses that received assistance under said  
99 program and the general categories of such businesses, (3) the amounts  
100 and types of assistance provided, (4) the total number of jobs on the  
101 date of application and the number proposed to be created or retained,  
102 and (5) the most recent employment figures of the small businesses  
103 receiving assistance. The contents of such report shall also be included  
104 in the department's annual report.

105 Sec. 2. (*Effective from passage*) (a) For the purposes described in  
106 subsection (b) of this section, the State Bond Commission shall have  
107 the power, from time to time to authorize the issuance of bonds of the  
108 state in one or more series and in principal amounts not exceeding in

109 the aggregate one hundred million dollars, provided fifty million  
110 dollars of said authorization shall be effective July 1, 2012.

111 (b) The proceeds of the sale of said bonds, to the extent of the  
112 amount stated in subsection (a) of this section, shall be used by the  
113 Department of Economic and Community Development for the  
114 purpose of the Small Business Express program established pursuant  
115 to section 1 of this act, provided (1) twenty million dollars of the  
116 amount stated in subsection (a) of this section may be used, in each of  
117 fiscal years 2012 and 2013, for the revolving loan fund established  
118 pursuant to subsection (d) of section 1 of this act, (2) ten million dollars  
119 of the amount stated in subsection (a) of this section may be used, in  
120 each of fiscal years 2012 and 2013, for the job creation incentive  
121 component established pursuant to subsection (e) of section 1 of this  
122 act, and (3) twenty million dollars of the amount stated in subsection  
123 (a) of this section may be used, in each of fiscal years 2012 and 2013, for  
124 the matching grant component established pursuant to subsection (f)  
125 of section 1 of this act. Any time at which an amount in subdivision (1),  
126 (2) or (3) of this subsection is used for a component of the Small  
127 Business Express program other than that specified in said subdivision  
128 (1), (2) or (3), the Commissioner of Economic and Community  
129 Development shall report, in accordance with the provisions of section  
130 11-4a of the general statutes, to the joint standing committees of the  
131 General Assembly having cognizance of matters relating to finance,  
132 revenue and bonding, commerce and labor, detailing the amount of  
133 the proceeds of the sale of said bonds that was so used and how such  
134 amount was divided among said components.

135 (c) All provisions of section 3-20 of the general statutes, or the  
136 exercise of any right or power granted thereby, which are not  
137 inconsistent with the provisions of this section are hereby adopted and  
138 shall apply to all bonds authorized by the State Bond Commission  
139 pursuant to this section, and temporary notes in anticipation of the  
140 money to be derived from the sale of any such bonds so authorized  
141 may be issued in accordance with said section 3-20 and from time to

142 time renewed. Such bonds shall mature at such time or times not  
143 exceeding twenty years from their respective dates as may be provided  
144 in or pursuant to the resolution or resolutions of the State Bond  
145 Commission authorizing such bonds. None of said bonds shall be  
146 authorized except upon a finding by the State Bond Commission that  
147 there has been filed with it a request for such authorization which is  
148 signed by or on behalf of the Secretary of the Office of Policy and  
149 Management and states such terms and conditions as said commission,  
150 in its discretion, may require. Said bonds issued pursuant to this  
151 section shall be general obligations of the state and the full faith and  
152 credit of the state of Connecticut are pledged for the payment of the  
153 principal of and interest on said bonds as the same become due, and  
154 accordingly and as part of the contract of the state with the holders of  
155 said bonds, appropriation of all amounts necessary for punctual  
156 payment of such principal and interest is hereby made, and the State  
157 Treasurer shall pay such principal and interest as the same become  
158 due.

159 Sec. 3. Subsection (a) of section 32-1m of the general statutes is  
160 amended by adding subdivisions (23) and (24) as follows (*Effective from*  
161 *passage*):

162 (NEW) (23) With regard to the Small Business Express program  
163 established pursuant to section 1 of this act, data on (A) the number of  
164 small businesses that applied to the Small Business Express program,  
165 (B) the number of small businesses that received assistance under said  
166 program and the general categories of such businesses, (C) the  
167 amounts and types of assistance provided, (D) the total number of jobs  
168 on the date of application and the number proposed to be created or  
169 retained, and (E) the most recent employment figures of the small  
170 businesses receiving assistance.

171 (NEW) (24) With regard to airport development zones established  
172 pursuant to section 32-75d, as amended by this act, a summary of the  
173 economic and cost benefits of each zone and, in consultation with the

174 Connecticut Airport Authority, any recommended revisions to any  
175 such zones.

176 Sec. 4. (NEW) (*Effective from passage*) (a) For purposes of this section:

177 (1) "Department" means the Labor Department;

178 (2) "Eligible small business" means a business that (A) employed not  
179 more than fifty full-time employees on at least fifty per cent of its  
180 working days during the preceding twelve months, (B) is a  
181 Connecticut-based business with operations in Connecticut, (C) has  
182 been registered to conduct business in this state for not less than  
183 twelve months, and (D) is in good standing with the payment of all  
184 state and local taxes. "Eligible small business" does not include a  
185 retailer, as defined in section 42-371 of the general statutes;

186 (3) "Control", with respect to a corporation, means ownership,  
187 directly or indirectly, of stock possessing fifty per cent or more of the  
188 total combined voting power of all classes of the stock of such  
189 corporation entitled to vote. "Control", with respect to a trust, means  
190 ownership, directly or indirectly, of fifty per cent or more of the  
191 beneficial interest in the principal or income of such trust. The  
192 ownership of stock in a corporation, of a capital or profits interest in a  
193 partnership, limited liability company or association or of a beneficial  
194 interest in a trust shall be determined in accordance with the rules for  
195 constructive ownership of stock provided in Section 267(c) of the  
196 Internal Revenue Code of 1986, or any subsequent corresponding  
197 internal revenue code of the United States, as from time to time  
198 amended, other than paragraph (3) of said Section 267(c);

199 (4) "Related person" means (A) a corporation, limited liability  
200 company, partnership, association or trust controlled by the eligible  
201 small business, (B) an individual, corporation, limited liability  
202 company, partnership, association or trust that is in control of the  
203 eligible small business, (C) a corporation, limited liability company,  
204 partnership, association or trust controlled by an individual,

205 corporation, limited liability company, partnership, association or trust  
206 that is in control of the eligible small business, or (D) a member of the  
207 same controlled group as the eligible small business;

208 (5) "Eligible small manufacturer" means an eligible small business  
209 described in sectors 31 to 33, inclusive, of the North American Industry  
210 Classification System, that employed not more than fifty employees on  
211 at least fifty per cent of its working days during the preceding twelve  
212 months.

213 (b) (1) There is established within the Labor Department a  
214 Subsidized Training and Employment program for eligible small  
215 businesses and eligible small manufacturers. Said program shall  
216 provide grants to such businesses and manufacturers to subsidize, for  
217 the first six months after a person is hired, a part of the cost of  
218 employment, including any costs related to training. No such business  
219 or manufacturer receiving a grant under this section with respect to a  
220 new employee or newly-hired person may receive a second grant  
221 under this section with respect to the same new employee or newly-  
222 hired person.

223 (2) The department may use up to four per cent of any funds  
224 allocated pursuant to section 5 of this act for the purpose of retaining  
225 outside consultants to administer the Subsidized Training and  
226 Employment program.

227 (c) (1) An eligible small business may apply to the department for a  
228 grant to subsidize on-the-job training and compensation for a new  
229 employee, where "new employee" means a person who (A) was  
230 unemployed immediately prior to employment, regardless of whether  
231 such person collected unemployment compensation benefits as a result  
232 of such unemployment, (B) is a resident of a municipality that has (i)  
233 an unemployment rate that is equal to or higher than the state  
234 unemployment rate as of September 1, 2011, or (ii) a population of  
235 eighty thousand or more, and (C) has a family income equal to or less  
236 than two hundred fifty per cent of the federal poverty level, adjusted

237 for family size. "New employee" does not include a person who was  
238 employed in this state by a related person with respect to the eligible  
239 small business during the prior twelve months.

240 (2) Grants to eligible small businesses under the Subsidized  
241 Training and Employment program shall be in the following amounts:  
242 (A) For the first full calendar month a new employee is employed, one  
243 hundred per cent of an amount representing the hourly wage of such  
244 new employee, exclusive of any benefits, but in no event shall such  
245 amount exceed twenty dollars per hour; (B) for the second and third  
246 full calendar months, seventy-five per cent of such amount; (C) for the  
247 fourth and fifth full calendar months, fifty per cent of such amount;  
248 and (D) for the sixth full calendar month, twenty-five per cent of such  
249 amount. Grants shall be cancelled as of the date the new employee  
250 leaves employment with the eligible small business.

251 (d) (1) An eligible small manufacturer may apply to the department  
252 for a grant to be used to train and compensate persons newly hired by  
253 such manufacturer. Any training shall be provided by such  
254 manufacturer, and take place on such manufacturer's premises, but no  
255 existing formal training program shall be required. The department  
256 shall review and approve such manufacturer's description of the  
257 proposed training as part of the application.

258 (2) Grants awarded to an eligible small manufacturer pursuant to  
259 this subsection shall subsidize the costs of training and compensating  
260 each person newly hired by such manufacturer. In no event shall a  
261 grant exceed the salary of the newly-hired person. Maximum amounts  
262 of each grant are: For the first full calendar month a newly-hired  
263 person is employed, up to two thousand five hundred dollars; for the  
264 second month, up to two thousand four hundred dollars; for the third  
265 month, up to two thousand two hundred dollars; for the fourth month,  
266 up to two thousand dollars; for the fifth month, up to one thousand  
267 eight hundred dollars; and for the sixth month, up to one thousand six  
268 hundred dollars. No grant shall exceed a total amount of twelve

269 thousand five hundred dollars per newly-hired person. A grant may  
270 be cancelled as of the date such person leaves employment with the  
271 eligible small manufacturer.

272 (e) Not later than June 30, 2012, and every six months thereafter, the  
273 Labor Commissioner shall provide a report, in accordance with the  
274 provisions of section 11-4a of the general statutes, to the joint standing  
275 committees of the General Assembly having cognizance of matters  
276 relating to finance, revenue and bonding, appropriations, commerce  
277 and labor. Said report shall include available data on (1) the number of  
278 small businesses that participated in the Subsidized Training and  
279 Employment program established pursuant to subsection (c) of this  
280 section, and the general categories of such businesses, (2) the number  
281 of small manufacturers that participated in the Subsidized Training  
282 and Employment program established pursuant to subsection (d) of  
283 this section, and the general categories of such manufacturers, (3) the  
284 number of individuals that received employment, and (4) the most  
285 recent estimate of the number of jobs created or maintained.

286 (f) The Labor Commissioner may adopt regulations in accordance  
287 with the provisions of chapter 54 of the general statutes to carry out  
288 the provisions of this section.

289 Sec. 5. (*Effective from passage*) (a) For the purposes described in  
290 subsection (b) of this section, the State Bond Commission shall have  
291 the power, from time to time to authorize the issuance of bonds of the  
292 state in one or more series and in principal amounts not exceeding in  
293 the aggregate twenty million dollars, provided ten million dollars of  
294 said authorization shall be effective July 1, 2012.

295 (b) The proceeds of the sale of said bonds, to the extent of the  
296 amount stated in subsection (a) of this section, shall be used by the  
297 Labor Department for the purpose of the Subsidized Training and  
298 Employment program established pursuant to section 4 of this act  
299 provided (1) five million dollars of the amount stated in subsection (a)  
300 of this section shall be used in each of fiscal years 2012 and 2013 for the

301 small business program established pursuant to subsection (c) of  
302 section 4 of this act, and (2) five million dollars of the amount stated in  
303 subsection (a) of this section shall be used in each of fiscal years 2012  
304 and 2013 for the small manufacturer program established pursuant to  
305 subsection (d) of section 4 of this act.

306 (c) All provisions of section 3-20 of the general statutes, or the  
307 exercise of any right or power granted thereby, which are not  
308 inconsistent with the provisions of this section are hereby adopted and  
309 shall apply to all bonds authorized by the State Bond Commission  
310 pursuant to this section, and temporary notes in anticipation of the  
311 money to be derived from the sale of any such bonds so authorized  
312 may be issued in accordance with said section 3-20 and from time to  
313 time renewed. Such bonds shall mature at such time or times not  
314 exceeding twenty years from their respective dates as may be provided  
315 in or pursuant to the resolution or resolutions of the State Bond  
316 Commission authorizing such bonds. None of said bonds shall be  
317 authorized except upon a finding by the State Bond Commission that  
318 there has been filed with it a request for such authorization which is  
319 signed by or on behalf of the Secretary of the Office of Policy and  
320 Management and states such terms and conditions as said commission,  
321 in its discretion, may require. Said bonds issued pursuant to this  
322 section shall be general obligations of the state and the full faith and  
323 credit of the state of Connecticut are pledged for the payment of the  
324 principal of and interest on said bonds as the same become due, and  
325 accordingly and as part of the contract of the state with the holders of  
326 said bonds, appropriation of all amounts necessary for punctual  
327 payment of such principal and interest is hereby made, and the State  
328 Treasurer shall pay such principal and interest as the same become  
329 due.

330 Sec. 6. (*Effective from passage*) The Department of Energy and  
331 Environmental Protection shall study the department's state  
332 permitting and enforcement processes and the feasibility of developing  
333 a methodology of processing such permit applications and

334 enforcement actions based on tiered levels of risk to the environment.  
335 Such methodology may include, but shall not be limited to, expedited  
336 procedures for the processing of permit applications and enforcement  
337 actions that pose the lowest level of risk to the environment. Not later  
338 than February 1, 2012, the Department of Energy and Environmental  
339 Protection shall submit a report, in accordance with section 11-4a of the  
340 general statutes, to the joint standing committees of the General  
341 Assembly having cognizance of matters relating to the environment  
342 and commerce. Such report shall include, but not be limited to: (1) A  
343 detailed summary of the study performed by the department pursuant  
344 to this section, (2) recommendations for administrative or legislative  
345 action required for the implementation of a tiered methodology of  
346 processing permit applications and enforcement actions, as described  
347 in this section, and (3) any additional recommendations on other  
348 methods of improving the speed, transparency, consistency and  
349 predictability of the processing of the department's state permits and  
350 enforcement actions for businesses in the state without compromising  
351 environmental standards.

352 Sec. 7. Section 14-298 of the general statutes is repealed and the  
353 following is substituted in lieu thereof (*Effective from passage*):

354 There shall be within the Department of Transportation a State  
355 Traffic Commission. Said Traffic Commission shall consist of the  
356 Commissioner of Transportation, the Commissioner of Public Safety  
357 and the Commissioner of Motor Vehicles. The Commissioner of  
358 Economic and Community Development, or his or her designee, shall  
359 be a member of the commission when the commission discusses and  
360 votes on any matter relating to an economic development project. For  
361 the purpose of standardization and uniformity, said commission shall  
362 adopt and cause to be printed for publication regulations establishing  
363 a uniform system of traffic control signals, devices, signs and markings  
364 consistent with the provisions of this chapter for use upon the public  
365 highways. The [commissioner] Commissioner of Transportation shall  
366 make known to the General Assembly the availability of such

367 regulations and any requesting member shall be sent a written copy or  
368 electronic storage media of such regulations by [the] said  
369 commissioner. Taking into consideration the public safety and  
370 convenience with respect to the width and character of the highways  
371 and roads affected, the density of traffic thereon and the character of  
372 such traffic, said commission shall also adopt regulations, in  
373 cooperation and agreement with local traffic authorities, governing the  
374 use of state highways and roads on state-owned properties, and the  
375 operation of vehicles including but not limited to motor vehicles, as  
376 defined by section 14-1, and bicycles, as defined by section 14-286,  
377 thereon. A list of limited-access highways shall be published with such  
378 regulations and said list shall be revised and published once each year.  
379 The [commissioner] Commissioner of Transportation shall make  
380 known to the General Assembly the availability of such regulations  
381 and list and any requesting member shall be sent a written copy or  
382 electronic storage media of such regulations and list by the  
383 commissioner. A list of limited-access highways opened to traffic by  
384 the Commissioner of Transportation in the interim period between  
385 publications shall be maintained in the office of the State Traffic  
386 Commission and such regulations shall apply to the use of such listed  
387 highways. Said commission shall also make regulations, in cooperation  
388 and agreement with local traffic authorities, respecting the use by  
389 through truck traffic of streets and highways within the limits of, and  
390 under the jurisdiction of, any city, town or borough of this state for the  
391 protection and safety of the public. If said commission determines that  
392 the prohibition of through truck traffic on any street or highway is  
393 necessary because of an immediate and imminent threat to the public  
394 health and safety and the local traffic authority is precluded for any  
395 reason from acting on such prohibition, the commission, if it is not  
396 otherwise precluded from so acting, may impose such prohibition.  
397 Said commission may place and maintain traffic control signals, signs,  
398 markings and other safety devices, which it deems to be in the interests  
399 of public safety, upon such highways as come within the jurisdiction of  
400 said commission as set forth in section 14-297. The traffic authority of

401 any city, town or borough may place and maintain traffic control  
402 signals, signs, markings and other safety devices upon the highways  
403 under its jurisdiction, and all such signals, devices, signs and markings  
404 shall conform to the regulations established by said commission in  
405 accordance with this chapter, and such traffic authority shall, with  
406 respect to traffic control signals, conform to the provisions of section  
407 14-299.

408       Sec. 8. (NEW) (*Effective from passage*) Notwithstanding any provision  
409 of title 13b or 14 of the general statutes, in all matters in which a formal  
410 petition, application or request for a permit is required to be submitted  
411 to the Commissioner of Transportation or the State Traffic  
412 Commission, and such petition, application or request is in connection  
413 with an economic development project, the commissioner or  
414 commission shall, not later than sixty days after the date on which the  
415 commissioner or commission receives a completed petition,  
416 application or request, make a final determination whether to approve  
417 such completed petition, application or request. The commissioner or  
418 commission shall notify the petitioner, applicant or requestor of such  
419 final determination. In the event that the commissioner or commission  
420 fails to make a final determination not later than sixty days after the  
421 date on which the commissioner or commission received such  
422 completed petition, application or request, such completed petition,  
423 application or request shall be deemed approved.

424       Sec. 9. (NEW) (*Effective from passage*) Not later than July 1, 2012, the  
425 permit ombudsman within the Department of Economic and  
426 Community Development shall develop recommendations for a  
427 certification program similar to the state of New York's "Build Now-  
428 NY/Shovel Ready Certification Program". Not later than January 1,  
429 2013, the permit ombudsman shall submit such recommendations to  
430 the Commissioner of Economic and Community Development, the  
431 Commissioner of Energy and Environmental Protection, the Governor  
432 and the joint standing committees of the General Assembly having  
433 cognizance of matters relating to the environment and commerce.

434 Sec. 10. (NEW) (*Effective from passage*) The Office of Policy and  
435 Management, within available appropriations, shall enter into an  
436 agreement for consultant services to apply LEAN practices and  
437 principles to the permitting and enforcement processes of the  
438 Departments of Energy and Environmental Protection, Economic and  
439 Community Development, Administrative Services and  
440 Transportation that are most frequently utilized by business entities.  
441 Such agreement shall also require the consultant to apply LEAN  
442 practices and principles to the licensure procedures for commercial bus  
443 drivers that are currently performed by the Departments of Consumer  
444 Protection, Emergency Services and Public Protection, and Children  
445 and Families. Such consultant shall develop recommendations for the  
446 implementation of a prepermitting system for commercial bus drivers  
447 that enables businesses to utilize commercial bus drivers who await  
448 the applicable licensing authority's performance of a criminal  
449 background check.

450 Sec. 11. (*Effective from passage*) Not later than February 1, 2012, the  
451 Departments of Energy and Environmental Protection, Transportation  
452 and Economic and Community Development shall make  
453 recommendations to the joint standing committee of the General  
454 Assembly having cognizance of matters relating to such agency,  
455 respectively, for the revision or repeal of any program of such agency  
456 or statute relating to such agency that such agency deems to be  
457 obsolete or in need of revision for the purpose of making the  
458 operations or procedures of such program or statutory provision more  
459 efficient. The Department of Energy and Environmental Protection  
460 shall make such recommendations to the joint standing committee of  
461 the General Assembly having cognizance of matters relating to the  
462 environment.

463 Sec. 12. Section 22-6d of the general statutes is repealed and the  
464 following is substituted in lieu thereof (*Effective from passage*):

465 As used in section 22-6e, as amended by this act: "Commissioner"

466 means the Commissioner of Agriculture; "department" means the  
467 Department of Agriculture; "garden" means a piece of land  
468 appropriate for the cultivation of herbs, fruits, flowers, or vegetables;  
469 "sponsor" means any municipal agency or nonprofit civic service  
470 association or organization designated by the commissioner to operate  
471 a program pursuant to section 22-6e, as amended by this act; "use"  
472 means, when applied to gardening, to make use of, without  
473 conveyance of title or any other ownership; "vacant public land" means  
474 any land owned by the state, or any municipality therein, that is not in  
475 use for public purposes; "agricultural restoration purposes" means  
476 reclamation of grown over pastures and meadows, installation of  
477 fences to keep livestock out of riparian areas, replanting of vegetation  
478 on erosion prone land or along streams, restoration of water runoff  
479 patterns, improvement of irrigation efficiency, conducting hedgerow  
480 management, including the removal of invasive plants and timber, or  
481 renovating farm ponds through farm pond management.

482 Sec. 13. Subsection (a) of section 22-6e of the general statutes is  
483 repealed and the following is substituted in lieu thereof (*Effective from*  
484 *passage*):

485 (a) The commissioner may develop a program to encourage the use  
486 of vacant public land owned by the state for gardening, [or]  
487 agricultural purposes or agricultural restoration purposes. In order to  
488 carry out said program, the commissioner shall: (1) In cooperation  
489 with other state agencies, compile a list of all vacant public land owned  
490 by the state, that in the opinion of such agencies and the commissioner  
491 may be feasibly used for gardening, [or] agriculture or, based upon soil  
492 type, is suitable for agricultural restoration purposes, and (2) establish  
493 a procedure for application to the department on a form to be  
494 furnished by the commissioner for a permit to use available vacant  
495 public land for gardening, [or] agricultural purposes or agricultural  
496 restoration purposes. The commissioner shall adopt regulations  
497 pursuant to chapter 54 to carry out the provisions of this section,  
498 including but not limited to requirements for agreements to use vacant

499 public land for gardening, [or] agricultural purposes or agricultural  
500 restoration purposes, establishment of a fee for such permit, except  
501 that no fee shall be charged for gardening permits, and requirements  
502 for the use of such land for agricultural purposes based on competitive  
503 open bidding. Permits shall be for a period prescribed by the  
504 commissioner but shall not exceed ten years from the date of issuance.  
505 After such period permit holders may apply for a new permit or  
506 renewal of the permit. Applicants shall submit a plan for such use and  
507 shall agree to maintain the land in a condition consistent with such  
508 land use plan, and shall agree to abide by regulations adopted by the  
509 department pursuant to chapter 54. Failure to carry out the conditions  
510 of agreement shall result in the forfeiture of the garden, [or] agriculture  
511 or agricultural restoration permit. Any applicant who is granted the  
512 use of vacant public land for gardening, [or] agricultural purposes or  
513 agricultural restoration purposes shall indemnify and save harmless  
514 the state and all of its officers, agents and employees against suits and  
515 claims of liability of each name and nature arising out of, or in  
516 consequence of the use of vacant public land.

517 Sec. 14. Section 22-6c of the general statutes is repealed and the  
518 following is substituted in lieu thereof (*Effective from passage*):

519 (a) The Commissioner of Agriculture may reimburse any farmer for  
520 part of the cost of compliance with a comprehensive farm nutrient  
521 management plan or a farm resources management plan, provided  
522 such plan has been approved by the Commissioner of Environmental  
523 Protection. The Commissioner of Agriculture, in cooperation with the  
524 United States Department of Agriculture, may certify for payment  
525 comprehensive farm nutrient management or farm resources  
526 management plan practices that have been approved by the  
527 Commissioner of Environmental Protection pursuant to this section.  
528 The total federal and state grant available to a farmer shall not be more  
529 than ninety per cent of such cost. In making grants under this [section]  
530 subsection, the [commissioner] Commissioner of Agriculture shall give  
531 priority to capital improvements made in accordance with a

532 comprehensive farm nutrient management plan or a farm resources  
533 plan prepared pursuant to section 22a-354m.

534 (b) The Commissioner of Agriculture may reimburse any farmer for  
535 part of the cost associated with developing a farm resources  
536 management plan intended to restore farmland, provided such plan  
537 has been approved by the commissioner and such reimbursement does  
538 not exceed fifty per cent of the cost of such plan or twenty thousand  
539 dollars, whichever is less. Such plan may require agricultural  
540 restoration purposes, as defined in section 22-6d, as amended by this  
541 act.

542 Sec. 15. (*Effective from passage*) (a) For the purposes described in  
543 subsection (b) of this section, the State Bond Commission shall have  
544 the power from time to time to authorize the issuance of bonds of the  
545 state in one or more series and in principal amounts not exceeding in  
546 the aggregate five million dollars.

547 (b) The proceeds of the sale of said bonds, to the extent of the  
548 amount stated in subsection (a) of this section, shall be used by the  
549 Department of Agriculture for the purpose of funding agricultural  
550 restoration purposes, as defined in section 22-6d of the general  
551 statutes, as amended by this act, and providing reimbursements as  
552 described in subsection (b) of section 22-6c of the general statutes, as  
553 amended by this act.

554 (c) All provisions of section 3-20 of the general statutes, or the  
555 exercise of any right or power granted thereby, which are not  
556 inconsistent with the provisions of this section are hereby adopted and  
557 shall apply to all bonds authorized by the State Bond Commission  
558 pursuant to this section, and temporary notes in anticipation of the  
559 money to be derived from the sale of any such bonds so authorized  
560 may be issued in accordance with said section 3-20 and from time to  
561 time renewed. Such bonds shall mature at such time or times not  
562 exceeding twenty years from their respective dates as may be provided  
563 in or pursuant to the resolution or resolutions of the State Bond

564 Commission authorizing such bonds. None of said bonds shall be  
565 authorized except upon a finding by the State Bond Commission that  
566 there has been filed with it a request for such authorization which is  
567 signed by or on behalf of the Secretary of the Office of Policy and  
568 Management and states such terms and conditions as said commission,  
569 in its discretion, may require. Said bonds issued pursuant to this  
570 section shall be general obligations of the state and the full faith and  
571 credit of the state of Connecticut are pledged for the payment of the  
572 principal of and interest on said bonds as the same become due, and  
573 accordingly and as part of the contract of the state with the holders of  
574 said bonds, appropriation of all amounts necessary for punctual  
575 payment of such principal and interest is hereby made, and the State  
576 Treasurer shall pay such principal and interest as the same become  
577 due.

578 Sec. 16. Section 30-37l of the general statutes is repealed and the  
579 following is substituted in lieu thereof (*Effective from passage*):

580 (a) A wine festival permit shall allow the holder of a manufacturer  
581 permit for a farm winery, issued pursuant to section 30-16, to  
582 participate in a wine festival organized and sponsored by an  
583 association that promotes the manufacturing and selling of farm wine  
584 in this state or such association's not-for-profit subsidiary. Such  
585 association or such association's not-for-profit subsidiary shall not  
586 organize and sponsor more than [one] two such wine [festival]  
587 festivals in any calendar year. The Commissioner of Consumer  
588 Protection shall allow only [one] two such wine [festival] festivals in  
589 any calendar year, regardless of the number of such farm winery  
590 permittees or such organizing and sponsoring associations or not-for-  
591 profit subsidiaries participating in such wine [festival] festivals.

592 (b) A wine festival permit shall authorize: (1) The sale and shipment  
593 of wine manufactured by the farm winery permittee and sold at such  
594 wine festival to persons outside the state; (2) the offering and tasting of  
595 free samples of wine to visitors and prospective retail customers for

596 consumption on the grounds of the wine festival; (3) the sale at retail of  
597 sealed bottles or other sealed containers of wine for consumption off  
598 the grounds of the wine festival; and (4) the sale at retail of wine by the  
599 glass or receptacle, provided the glass or receptacle is embossed or  
600 otherwise permanently labeled with the name and date of the wine  
601 festival.

602 (c) No farm winery permittee may sell, offer or give to any person  
603 or entity wine not manufactured by such farm winery.

604 (d) Only [one] two wine festival [permit] permits may be issued per  
605 calendar year pursuant to this section by the Commissioner of  
606 Consumer Protection to each holder of a manufacturer permit for a  
607 farm winery. A wine festival permit shall not be effective for more  
608 than three consecutive days per calendar year. The fee for a wine  
609 festival permit shall be seventy-five dollars.

610 Sec. 17. (NEW) (*Effective from passage*) Notwithstanding any  
611 provision of the general statutes, any municipality may, by ordinance,  
612 provide that any person, firm or corporation that owns a residence,  
613 building, structure, or other improvement to real property damaged or  
614 destroyed by acts of nature during the period beginning August 25,  
615 2011, and ending September 14, 2011, shall be allowed to reconstruct or  
616 repair such residence, building, structure or improvement in  
617 accordance with any previously approved permit or other  
618 authorization for the construction or repair of such residence, building,  
619 structure or improvement to the dimensions and specifications for  
620 such residence, building, structure or improvement prior to said  
621 damage without seeking or obtaining additional approval from any  
622 municipal board or commission, including, but not limited to,  
623 approval for any use that meets the exemption from the coastal site  
624 plan review requirements of chapter 444 of the general statutes  
625 pursuant to subdivision (4) of subsection (b) of section 22a-109 of the  
626 general statutes, provided any such reconstructed or repaired  
627 residence, building, structure or other improvement complies with the

628 state building, fire and health codes in effect as of the effective date of  
629 this section.

630 Sec. 18. Section 4 of public act 11-140 is repealed and the following is  
631 substituted in lieu thereof (*Effective from passage*):

632 (a) For the purposes of this section, (1) "manufacturing reinvestment  
633 account" means a trust created or organized by a manufacturer and  
634 held by a Connecticut bank for the benefit of such manufacturer, to  
635 which the manufacturer may make cash contributions not to exceed  
636 the amount set forth in subsection (c) of this section for any income  
637 year. Moneys in a manufacturing reinvestment account shall not be  
638 invested in life insurance contracts or comingled with other property,  
639 and (2) "manufacturer" means any business entity subject to tax  
640 pursuant to chapter 208 or 229 of the general statutes that is engaged in  
641 the business of manufacturing, as defined in subdivision (72) of section  
642 12-81 of the general statutes.

643 (b) The Department of Economic and Community Development  
644 shall establish criteria and guidelines to select not more than [fifty] one  
645 hundred manufacturers that may establish a reinvestment account  
646 pursuant to subsection (c) of this section. Such criteria shall include,  
647 but not be limited to, a requirement that any such manufacturer shall  
648 have not more than fifty employees. The department shall, based on  
649 the criteria established pursuant to this subsection, establish an  
650 ongoing list of selected manufacturers.

651 (c) Any manufacturer may establish an interest-bearing  
652 manufacturing reinvestment account, provided (1) contributions in  
653 any income year shall not exceed the lesser of (A) fifty thousand  
654 dollars in income years commencing on or after January 1, 2011, and  
655 prior to January 1, 2012, or one hundred thousand dollars in income  
656 years commencing on or after January 1, 2012, or (B) such  
657 manufacturer's domestic gross receipts, (2) moneys may be held in  
658 such account for not more than five years, (3) distributions from such  
659 account shall be used by such manufacturer to purchase machinery,

660 equipment or manufacturing facilities, as defined in subdivision (72) of  
661 section 12-81 of the general statutes, or for workforce training,  
662 development or expansion, and (4) disbursements shall be subject to  
663 tax at a rate of three and one-half per cent regardless of corporate or  
664 business structure.

665 (d) Any money remaining in a manufacturer's reinvestment account  
666 at the end of the five-year period or any interest earned that results in  
667 the account balance exceeding the amounts established pursuant to  
668 subdivision (1) of subsection (c) in any given year shall be returned to  
669 the manufacturer who shall pay the full rate of tax on such amount  
670 under chapter 208 of the general statutes, provided such payment shall  
671 be deemed to be a timely payment if such tax is remitted to the  
672 Commissioner of Revenue Services not later than sixty days after the  
673 date of such return.

674 Sec. 19. (NEW) (*Effective January 1, 2012, and applicable to income or*  
675 *taxable years commencing on or after January 1, 2012*) (a) As used in this  
676 section:

677 (1) "Commissioner" means the Commissioner of Economic and  
678 Community Development;

679 (2) "Control", with respect to a corporation, means ownership,  
680 directly or indirectly, of stock possessing fifty per cent or more of the  
681 total combined voting power of all classes of the stock of such  
682 corporation entitled to vote. "Control", with respect to a trust, means  
683 ownership, directly or indirectly, of fifty per cent or more of the  
684 beneficial interest in the principal or income of such trust. The  
685 ownership of stock in a corporation, of a capital or profits interest in a  
686 partnership, limited liability company or association or of a beneficial  
687 interest in a trust shall be determined in accordance with the rules for  
688 constructive ownership of stock provided in Section 267(c) of the  
689 Internal Revenue Code of 1986, or any subsequent corresponding  
690 internal revenue code of the United States, as from time to time  
691 amended, other than paragraph (3) of said Section 267(c);

692 (3) "Full-time job" means a job in which an employee is required to  
693 work at least thirty-five hours per week for not less than forty-eight  
694 weeks in a calendar year. "Full-time job" does not include a temporary  
695 or seasonal job;

696 (4) "Income year" means, with respect to entities subject to the  
697 insurance premiums tax under chapter 207 of the general statutes, the  
698 corporation business tax under chapter 208 of the general statutes, the  
699 utilities company tax under chapter 212 of the general statutes or the  
700 income tax under chapter 229 of the general statutes, the income year  
701 as determined under each of said chapters, as the case may be;

702 (5) "New employee" means a person who resides in this state and is  
703 hired by a taxpayer on or after January 1, 2012, and prior to January 1,  
704 2014, to fill a new job. "New employee" does not include a person who  
705 was employed in this state by a related person with respect to a  
706 taxpayer during the prior twelve months;

707 (6) "New job" means a job that did not exist in this state prior to a  
708 taxpayer's application to the commissioner for certification under this  
709 section for a job expansion tax credit, is filled by a new, qualifying or  
710 veteran employee, and (A) is a full-time job, or (B) in the case of a  
711 qualifying employee under subparagraph (B) of subdivision (7) of this  
712 subsection, is a job in which an employee is required to work at least  
713 twenty hours per week for not less than forty-eight weeks in a calendar  
714 year;

715 (7) "Qualifying employee" means a new employee who, at the time  
716 of hiring by the taxpayer:

717 (A) (i) Is receiving unemployment compensation, or (ii) has  
718 exhausted unemployment compensation benefits and has not had an  
719 intervening full-time job; or

720 (B) Is receiving vocational rehabilitation services from the Bureau of  
721 Rehabilitative Services;

722 (8) "Related person" means (A) a corporation, limited liability  
723 company, partnership, association or trust controlled by the taxpayer,  
724 (B) an individual, corporation, limited liability company, partnership,  
725 association or trust that is in control of the taxpayer, (C) a corporation,  
726 limited liability company, partnership, association or trust controlled  
727 by an individual, corporation, limited liability company, partnership,  
728 association or trust that is in control of the taxpayer, or (D) a member  
729 of the same controlled group as the taxpayer;

730 (9) "Taxpayer" means a person that (A) has been in business for at  
731 least twelve consecutive months prior to the date of the taxpayer's  
732 application to the commissioner for certification under this section for  
733 a job expansion tax credit, and (B) is subject to tax under chapter 207,  
734 208, 212 or 229 of the general statutes; and

735 (10) "Veteran employee" means a new employee who, at the time of  
736 hiring by the taxpayer, is a member of, was honorably discharged from  
737 or released under honorable conditions from active service in the  
738 armed forces, as defined in section 27-103 of the general statutes.

739 (b) (1) There is established a job expansion tax credit program  
740 whereby a taxpayer may be allowed a credit against the tax imposed  
741 under chapter 207, 208, 212 or 229 of the general statutes, other than  
742 the liability imposed by section 12-707 of the general statutes, for each  
743 new, qualifying or veteran employee hired on or after January 1, 2012,  
744 and prior to January 1, 2014. For taxpayers that employ not more than  
745 fifty employees in full-time jobs in this state on the date of application  
746 to the commissioner for certification under this section, the creation of  
747 at least one new job in this state shall be required for said tax credit.  
748 For taxpayers that employ more than fifty, but not more than one  
749 hundred employees in full-time jobs in this state on the date of  
750 application to the commissioner for certification under this section, the  
751 creation of at least five new jobs in this state shall be required for said  
752 tax credit. For taxpayers that employ more than one hundred  
753 employees in full-time jobs in this state on the date of application to

754 the commissioner for certification under this section, the creation of at  
755 least ten new jobs in this state shall be required for said tax credit.

756 (2) For the purposes of determining the number of new jobs a  
757 taxpayer is required to create in order to claim a credit under this  
758 section, the number of employees working in full-time jobs the  
759 taxpayer employs in this state on the date of its application to the  
760 commissioner for certification under this section shall apply to such  
761 taxpayer for the duration of such certification.

762 (c) The amount of the credit shall be:

763 (1) Five hundred dollars per month for each new employee; or

764 (2) Nine hundred dollars per month for each qualifying or veteran  
765 employee.

766 (d) (1) The taxpayer shall claim the credit in the income year in  
767 which it is earned and, if eligible, in the two immediately succeeding  
768 income years. Any credit not claimed by the taxpayer in an income  
769 year shall expire and shall not be refundable.

770 (2) If the taxpayer is an S corporation or an entity treated as a  
771 partnership for federal income tax purposes, the shareholders or  
772 partners of such taxpayer may claim the credit. If the taxpayer is a  
773 single member limited liability company that is disregarded as an  
774 entity separate from its owner, the limited liability company's owner  
775 may claim the credit.

776 (3) No taxpayer shall claim a credit for any new, qualifying or  
777 veteran employee who is an owner, member or partner in the business  
778 or who is not employed by the taxpayer at the close of the taxpayer's  
779 income year.

780 (4) No taxpayer claiming the credit under this section with respect  
781 to a new, qualifying or veteran employee shall claim any credit against  
782 any tax under any other provision of the general statutes with respect

783 to the same new, qualifying or veteran employee.

784 (e) (1) To be eligible to claim the credit, a taxpayer shall apply to the  
785 commissioner in accordance with the provisions of this section. The  
786 application shall be on a form provided by the commissioner and shall  
787 contain sufficient information as required by the commissioner,  
788 including, but not limited to, the activities that the taxpayer primarily  
789 engages in, the North American Industrial Classification System code  
790 of the taxpayer, the current number of employees employed by the  
791 taxpayer as of the application date, and if applicable, the name and  
792 position or job title of the new, qualifying or veteran employee. The  
793 commissioner shall consult with the Labor Commissioner, the director  
794 of the Bureau of Rehabilitative Services or the Commissioner of  
795 Veterans' Affairs, as applicable, for any verification the commissioner  
796 deems necessary of unemployment compensation or vocational  
797 rehabilitation services received by a qualifying employee, or of service  
798 in the armed forces of the United States by a veteran employee. The  
799 commissioner may impose a fee for such application as the  
800 commissioner deems appropriate.

801 (2) Upon receipt of an application, the commissioner shall render a  
802 decision, in writing, on each completed application not later than thirty  
803 days after the date of its receipt by the commissioner. If the  
804 commissioner approves such application, the commissioner shall issue  
805 a certification letter to the taxpayer indicating that the credit will be  
806 available to be claimed by the taxpayer if the taxpayer and new,  
807 qualifying or veteran employee otherwise meets the requirements of  
808 this section.

809 (f) (1) The total amount of credits granted under this section and  
810 sections 12-217ii, 12-217nn and 12-217oo of the general statutes, as  
811 amended by this act, shall not exceed twenty million dollars in any one  
812 fiscal year.

813 (2) If a taxpayer was issued an eligibility certificate by the  
814 commissioner prior to January 1, 2012, to receive a jobs creation tax

815 credit pursuant to section 12-217ii of the general statutes, as amended  
816 by this act, the provisions of the tax credit program pursuant to said  
817 section 12-217ii shall apply to such taxpayer for the duration of the  
818 eligibility certificate.

819 (3) If a taxpayer is issued a certification letter by the commissioner  
820 prior to January 1, 2013, to receive a qualified small business job  
821 creation tax credit pursuant to section 12-217nn of the general statutes,  
822 as amended by this act, the provisions of the tax credit program  
823 pursuant to said section 12-217nn shall apply to such taxpayer for the  
824 duration of such certification.

825 (4) If a taxpayer was issued a certification letter by the commissioner  
826 prior to January 1, 2012, to receive a vocational rehabilitation job  
827 creation tax credit pursuant to section 12-217oo of the general statutes,  
828 as amended by this act, the provisions of the tax credit program  
829 pursuant to said section 12-217oo shall apply to such taxpayer for the  
830 duration of such certification.

831 (g) No credit allowed under this section shall exceed the amount of  
832 tax imposed on a taxpayer under chapter 207, 208, 212 or 229 of the  
833 general statutes. The commissioner shall annually provide to the  
834 Commissioner of Revenue Services a list detailing all credits that have  
835 been approved and all taxpayers that have been issued a certification  
836 letter under this section.

837 (h) No credit shall be allowed under this section for any new jobs  
838 created on or after January 1, 2014.

839 Sec. 20. Subsections (e) to (g), inclusive, of section 12-217ii of the  
840 general statutes, as amended by section 130 of public act 11-6 and  
841 section 3 of public act 11-86, are repealed and the following is  
842 substituted in lieu thereof (*Effective from passage*):

843 (e) (1) The commissioner, upon consideration of the application and  
844 any additional information the commissioner requires, may approve

845 the credit application, in whole or in part, if the commissioner  
846 concludes that the increase in the number of jobs is economically  
847 viable only with the use of the tax credit and that the revenue  
848 generated due to economic development and employment  
849 opportunities created in the state exceeds the credit and any other  
850 credits to be taken. If the commissioner disapproves an application, the  
851 commissioner shall specifically identify the defects in the application  
852 and specifically explain the reasons for the disapproval. The  
853 commissioner shall render a decision on an application not later than  
854 ninety days after the date of its receipt by the commissioner.

855 (2) The total amount of credits granted to all taxpayers under  
856 section 19 of this act, this section and sections 12-217nn, as amended by  
857 public act 11-6 and this act, and 12-217oo, as amended by public act 11-  
858 6 and this act, shall not exceed twenty million dollars in any one fiscal  
859 year.

860 (3) (A) A credit under this section may be granted to a taxpayer for  
861 not more than five successive income years. No credit under this  
862 section shall be granted to a taxpayer more than five income years after  
863 the date the commissioner issues an eligibility certificate to the  
864 taxpayer under subsection (f) of this section.

865 (B) The commissioner shall not issue any eligibility certificates  
866 under this section on or after January 1, 2012.

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

870 (f) Upon approving a taxpayer's credit application, the  
871 commissioner shall issue a credit allocation notice certifying that the  
872 credits will be available to be claimed by the taxpayer if the taxpayer  
873 otherwise meets the requirements of this section. No later than thirty  
874 days after the close of the taxpayer's income year, the taxpayer shall  
875 provide information to the commissioner regarding the number of new

876 jobs created for the year and the income tax deducted and withheld  
877 from the wages of such new employees and paid over to the state for  
878 such year. The commissioner shall issue [a] an eligibility certificate [of  
879 eligibility] that includes the taxpayer's name, the number of new jobs  
880 created, and the amount of the credit certified for the year. The  
881 certificate shall be issued by the commissioner not later than sixty days  
882 after the close of the taxpayer's income year or not later than thirty  
883 days after the information is provided, whichever comes first.

884 (g) The commissioner shall, upon request, provide a copy of the  
885 eligibility certificate [of eligibility] issued under subsection (f) of this  
886 section to the Commissioner of Revenue Services.

887 Sec. 21. Subsection (d) of section 12-217nn of the general statutes, as  
888 amended by section 131 of public act 11-6, is repealed and the  
889 following is substituted in lieu thereof (*Effective from passage*):

890 (d) (1) Upon receipt of an application, the commissioner shall render  
891 a decision on the application, in writing, not later than thirty days after  
892 the date of its receipt by the commissioner. If the commissioner  
893 approves the application of the qualified small business, the  
894 commissioner shall issue a certification letter indicating that the tax  
895 credit will be available to be claimed by the qualified small business if  
896 the qualified small business otherwise meets the requirements of this  
897 section.

898 (2) The total amount of tax credits granted under section 19 of this  
899 act, this section and sections 12-217ii, as amended by public acts 11-6  
900 and 11-86 and this act, and 12-217oo, as amended by public act 11-6  
901 and this act, shall not exceed twenty million dollars in any one fiscal  
902 year.

903 (3) No qualified small business claiming the tax credit under this  
904 section with respect to a new employee may claim any credit against  
905 any tax under any other provision of the general statutes with respect  
906 to the same new employee.

907 Sec. 22. Section 12-217oo of the general statutes, as amended by  
908 section 132 of public act 11-6 and section 52 of public act 11-44, is  
909 repealed and the following is substituted in lieu thereof (*Effective from*  
910 *passage*):

911 (a) As used in this section:

912 (1) "Commissioner" means the Commissioner of Economic and  
913 Community Development;

914 (2) "Employer" means a person engaged in business who has  
915 employees and who is subject to tax under this chapter or chapter 207  
916 or 229;

917 (3) "Income year" means the income year or taxable year, as  
918 determined under this chapter or chapter 207 or 229, as the case may  
919 be;

920 (4) "New qualifying employee" means a person who (A) is receiving  
921 vocational rehabilitation services from the Bureau of Rehabilitative  
922 Services, and (B) is hired by the employer to fill a new job after May 6,  
923 2010, during the employer's income years commencing on or after  
924 January 1, 2010, and prior to January 1, 2012. A new qualifying  
925 employee does not include a person receiving vocational rehabilitation  
926 services pursuant to subparagraph (A) of this subdivision and who  
927 was employed in this state by a related person with respect to the  
928 employer during the prior twelve months;

929 (5) "Related person" means (A) a corporation, limited liability  
930 company, partnership, association or trust controlled by the employer,  
931 (B) an individual, corporation, limited liability company, partnership,  
932 association or trust that is in control of the employer, (C) a corporation,  
933 limited liability company, partnership, association or trust controlled  
934 by an individual, corporation, limited liability company, partnership,  
935 association or trust that is in control of the employer, or (D) a member  
936 of the same controlled group as the employer; and

937 (6) "Control", with respect to a corporation, means ownership,  
938 directly or indirectly, of stock possessing fifty per cent or more of the  
939 total combined voting power of all classes of the stock of such  
940 corporation entitled to vote. "Control", with respect to a trust, means  
941 ownership, directly or indirectly, of fifty per cent or more of the  
942 beneficial interest in the principal or income of such trust. The  
943 ownership of stock in a corporation, of a capital or profits interest in a  
944 partnership, limited liability company or association or of a beneficial  
945 interest in a trust shall be determined in accordance with the rules for  
946 constructive ownership of stock provided in Section 267(c) of the  
947 Internal Revenue Code of 1986, or any subsequent corresponding  
948 internal revenue code of the United States, as amended from time to  
949 time, other than paragraph (3) of said Section 267(c).

950 (b) (1) There is established a vocational rehabilitation job creation  
951 tax credit program for employers whereby an employer who hires a  
952 new qualifying employee who resides in this state and requires such  
953 employee to work at least twenty hours or more per week for not less  
954 than forty-eight weeks in a calendar year may be allowed a tax credit  
955 against the tax imposed under this chapter or chapter 207 or 229, other  
956 than the liability imposed by section 12-707.

957 (2) The tax credit shall be an amount equal to two hundred dollars  
958 per month for each new qualifying employee hired.

959 (3) No employer may claim a tax credit for any new qualifying  
960 employee who is an owner, member or partner in the business of the  
961 employer or who is not employed at the close of the income year of the  
962 employer.

963 (4) The employer shall claim the tax credit for the income year in  
964 which the employer hires a new qualifying employee and, if eligible,  
965 the two immediately succeeding income years. Any tax credit not used  
966 in an income year shall expire and shall not be refundable.

967 (c) To be eligible to claim the tax credit, an employer shall apply to

968 the commissioner in accordance with the provisions of this section. The  
969 application shall be on a form provided by the commissioner and shall  
970 contain sufficient information as required by the commissioner,  
971 including the activities that the employer primarily engages in, the  
972 North American Industrial Classification System code of the employer  
973 and the name and position or job title of the new qualifying employee  
974 hired.

975 (d) (1) Upon receipt of an application, the commissioner shall render  
976 a decision on the application, in writing, not later than thirty days after  
977 the date of its receipt by the commissioner. If the commissioner  
978 approves the application of the employer, the commissioner shall issue  
979 a certification letter indicating that the tax credit will be available to be  
980 claimed by the employer if the employer otherwise meets the  
981 requirements of this section.

982 (2) The total amount of tax credits granted under section 19 of this  
983 act, this section and sections 12-217ii, as amended by public acts 11-6  
984 and 11-86 and this act, and 12-217nn, as amended by public act 11-6  
985 and this act, shall not exceed twenty million dollars in any one fiscal  
986 year.

987 (3) No employer claiming the tax credit under this section, with  
988 respect to a new qualifying employee, may claim any credit against  
989 any tax under any other provision of the general statutes with respect  
990 to the same new qualifying employee.

991 (e) If the employer is an S corporation or an entity treated as a  
992 partnership for federal income tax purposes, the tax credit may be  
993 claimed by the shareholders or partners of the employer. If the  
994 employer is a single member limited liability company that is  
995 disregarded as an entity separate from its owner, the tax credit may be  
996 claimed by the limited liability company's owner.

997 (f) For an employer subject to the tax imposed under chapter 229, no  
998 credit allowed under this section shall exceed the amount of tax

1099 imposed by chapter 229. The commissioner shall annually provide to  
1000 the Commissioner of Revenue Services a list detailing all tax credits  
1001 that have been approved and all employers that have been issued a  
1002 certification letter under subsection (d) of this section.

1003 (g) No tax credit shall be allowed under this section for any new  
1004 qualifying employee hired by an employer in any income year  
1005 commencing on or after January 1, 2012.

1006 Sec. 23. Subsection (b) of section 12-284b of the general statutes is  
1007 repealed and the following is substituted in lieu thereof (*Effective from*  
1008 *passage*):

1009 (b) Each limited liability company, limited liability partnership,  
1010 limited partnership and S corporation shall be liable for the tax  
1011 imposed by this section for each taxable year or portion thereof that  
1012 such company, partnership or corporation is an affected business  
1013 entity. [Each] For taxable years commencing prior to January 1, 2013,  
1014 each affected business entity shall annually, on or before the fifteenth  
1015 day of the fourth month following the close of its taxable year, pay to  
1016 the Commissioner of Revenue Services a tax in the amount of two  
1017 hundred fifty dollars. For taxable years commencing on or after  
1018 January 1, 2013, each affected business entity shall, on or before the  
1019 fifteenth day of the fourth month following the close of every other  
1020 taxable year, pay to the Commissioner of Revenue Services a tax in the  
1021 amount of two hundred fifty dollars.

1022 Sec. 24. (*Effective from passage*) (a) The Department of Economic and  
1023 Community Development, in consultation with the Department of  
1024 Energy and Environmental Protection, shall identify, market and  
1025 remediate five geographically diverse state-owned brownfields from  
1026 the priority brownfield list established pursuant to subsection (b) of  
1027 this section. Selection of brownfields shall be in accordance with the  
1028 provisions of subsection (c) of this section.

1029 (b) On or before January 1, 2012, the Department of Economic and

1030 Community Development shall develop a priority list of eligible  
1031 brownfields based on criteria to include, but not be limited to, state-  
1032 owned brownfields that (1) have economic development viability, (2)  
1033 have a predetermined end use, (3) are located in a municipality with  
1034 an unemployment rate that exceeds the state's average unemployment  
1035 rate, (4) have access to transportation or other infrastructure, (5) are of  
1036 an environmentally urgent nature, (6) the development of which  
1037 would be consistent with the state plan of conservation and  
1038 development, and (7) the transfer of which to a private party would  
1039 not conflict with state law or process.

1040 (c) The Department of Economic and Community Development  
1041 shall solicit proposals from companies interested in purchasing any of  
1042 the brownfields on the priority list developed pursuant to subsection  
1043 (b) of this section. The Commissioner of Economic and Community  
1044 Development (1) shall review proposals, match up to five of the  
1045 brownfields with companies, and sell, notwithstanding chapter 59 of  
1046 the general statutes, prepermitted, cleaned sites to the selected  
1047 companies, and (2) may remediate one of the brownfields on said  
1048 priority list without identification of a specific commercial purchaser.

1049 Sec. 25. (*Effective from passage*) (a) For the purposes described in  
1050 subsection (b) of this section, the State Bond Commission shall have  
1051 the power, from time to time to authorize the issuance of bonds of the  
1052 state in one or more series and in principal amounts not exceeding in  
1053 the aggregate twenty million dollars.

1054 (b) The proceeds of the sale of said bonds, to the extent of the  
1055 amount stated in subsection (a) of this section, shall be used by the  
1056 Department of Economic and Community Development for the  
1057 purpose of identifying, marketing and remediating five state-owned  
1058 brownfields pursuant to section 24 of this act.

1059 (c) All provisions of section 3-20 of the general statutes, or the  
1060 exercise of any right or power granted thereby, which are not  
1061 inconsistent with the provisions of this section are hereby adopted and

1062 shall apply to all bonds authorized by the State Bond Commission  
1063 pursuant to this section, and temporary notes in anticipation of the  
1064 money to be derived from the sale of any such bonds so authorized  
1065 may be issued in accordance with said section 3-20 and from time to  
1066 time renewed. Such bonds shall mature at such time or times not  
1067 exceeding twenty years from their respective dates as may be provided  
1068 in or pursuant to the resolution or resolutions of the State Bond  
1069 Commission authorizing such bonds. None of said bonds shall be  
1070 authorized except upon a finding by the State Bond Commission that  
1071 there has been filed with it a request for such authorization which is  
1072 signed by or on behalf of the Secretary of the Office of Policy and  
1073 Management and states such terms and conditions as said commission,  
1074 in its discretion, may require. Said bonds issued pursuant to this  
1075 section shall be general obligations of the state and the full faith and  
1076 credit of the state of Connecticut are pledged for the payment of the  
1077 principal of and interest on said bonds as the same become due, and  
1078 accordingly and as part of the contract of the state with the holders of  
1079 said bonds, appropriation of all amounts necessary for punctual  
1080 payment of such principal and interest is hereby made, and the State  
1081 Treasurer shall pay such principal and interest as the same become  
1082 due.

1083 Sec. 26. Subsection (b) of section 32-9cc of the general statutes, as  
1084 amended by section 87 of public act 11-80, section 10 of public act 11-  
1085 140 and section 1 of public act 11-141, is repealed and the following is  
1086 substituted in lieu thereof (*Effective from passage*):

1087 (b) The office shall:

1088 (1) Develop procedures and policies for streamlining the process for  
1089 brownfield remediation and development;

1090 (2) Identify existing and potential sources of funding for brownfield  
1091 remediation and develop procedures for expediting the application for  
1092 and release of such funds;

1093 (3) Establish an office and maintain an informational Internet web  
1094 site to provide assistance and information concerning the state's  
1095 technical assistance, funding, regulatory and permitting programs;

1096 (4) Provide a single point of contact for financial and technical  
1097 assistance from the state and quasi-public agencies;

1098 (5) Develop a common application to be used by all state and quasi-  
1099 public entities providing financial assistance for brownfield  
1100 assessment, remediation and development;

1101 (6) Identify and prioritize state-wide brownfield development  
1102 opportunities; [and]

1103 (7) Develop and execute a communication and outreach program to  
1104 educate municipalities, economic development agencies, property  
1105 owners and potential property owners and other organizations and  
1106 individuals with regard to state programs for brownfield remediation  
1107 and redevelopment;

1108 (8) [May] At the office's discretion, enter into cooperative  
1109 agreements with qualified implementing agencies and may, where  
1110 appropriate, make grants to these organizations for the purpose of  
1111 designing, implementing and supervising brownfield assessment and  
1112 cleanups, or making further subgrants, provided each subgrant is in  
1113 compliance with the terms and conditions of the original grant; and

1114 (9) Create and maintain a web site independent of the department's  
1115 other web sites that is specifically dedicated to marketing and  
1116 promoting state-owned brownfields, and develop and implement a  
1117 marketing campaign for such brownfields and web site.

1118 Sec. 27. Subsection (a) of section 4b-23 of the general statutes, as  
1119 amended by section 55 of public act 11-51, is repealed and the  
1120 following is substituted in lieu thereof (*Effective from passage*):

1121 (a) As used in this section, "facility" means buildings and real

1122 property owned or leased by the state. The Secretary of the Office of  
1123 Policy and Management shall establish guidelines which further define  
1124 such term. All agencies and departments of the state shall notify the  
1125 Secretary of the Office of Policy and Management of their facility needs  
1126 including, but not limited to, the types of such facilities and the  
1127 municipalities or general location for the facilities. Each agency and  
1128 department shall continue long-range planning for facility needs,  
1129 establish a plan for its long-range facility needs and submit such plan  
1130 and related facility project requests to the Secretary of the Office of  
1131 Policy and Management, and a copy thereof to the Commissioner of  
1132 Administrative Services, on or before September first of each even-  
1133 numbered year. Each such request shall be accompanied by a capital  
1134 development impact statement, as required by section 4-66b, and a  
1135 colocation statement, as required by section 4b-31, if the secretary so  
1136 requires. Each agency and department shall base its long-term  
1137 planning for facility needs on a program plan. The secretary shall  
1138 establish a content guide and schedule for such plans. Each agency and  
1139 department shall prepare its program plan in accordance with such  
1140 guide and file it with the secretary pursuant to such schedule. Facility  
1141 plans shall include, but not be limited to: Identification of (1) long-term  
1142 and short-term facility needs, (2) opportunities for the substitution of  
1143 state-owned space for leased space, (3) facilities proposed for  
1144 demolition or abandonment which have potential for other uses, [and]  
1145 (4) space modifications or relocations that could result in cost or  
1146 energy savings, and (5) facilities known to be brownfields. Each  
1147 agency or department program plan and facility plan and its facility  
1148 project requests shall cover a period of at least five years. The secretary  
1149 shall provide agencies and departments with instructions for  
1150 preparing program plans, long-term facility plans and facility project  
1151 requests and shall provide appropriate programmatic planning  
1152 assistance. The Commissioners of Administrative Services and  
1153 Construction Services shall assist agencies and departments with long-  
1154 term facilities planning and the preparation of cost estimates for such  
1155 plans and requests. The Secretary of the Office of Policy and

1156 Management shall review such plans and prepare an integrated state  
1157 facility plan which meets the aggregate facility needs of the state. The  
1158 secretary shall review the cost effective retrofit measures  
1159 recommended to him by the Commissioner of Construction Services  
1160 under subsection (b) of section 16a-38a and include in the plan those  
1161 measures which would best attain the energy performance standards  
1162 established under subdivision (1) of subsection (b) of section 16a-38.

1163 Sec. 28. (*Effective from passage*) (a) For the purposes described in  
1164 subsection (b) of this section, the State Bond Commission shall have  
1165 the power, from time to time to authorize the issuance of bonds of the  
1166 state in one or more series and in principal amounts not exceeding in  
1167 the aggregate one million dollars.

1168 (b) The proceeds of the sale of said bonds, to the extent of the  
1169 amount stated in subsection (a) of this section, shall be used by the  
1170 Department of Economic and Community Development to: (1)  
1171 Establish an electronic business portal, (2) specifically brand such  
1172 portal to reflect a state-wide branding program developed at the  
1173 direction of the office of the Governor, (3) assist in enhancing state  
1174 agency and quasi-public agency web sites that are linked to such  
1175 electronic business portal, and (4) align the Connecticut Economic  
1176 Resource Center Inc.'s online business assistance technology platform  
1177 with such portal.

1178 (c) All provisions of section 3-20 of the general statutes, or the  
1179 exercise of any right or power granted thereby, which are not  
1180 inconsistent with the provisions of this section are hereby adopted and  
1181 shall apply to all bonds authorized by the State Bond Commission  
1182 pursuant to this section, and temporary notes in anticipation of the  
1183 money to be derived from the sale of any such bonds so authorized  
1184 may be issued in accordance with said section 3-20 and from time to  
1185 time renewed. Such bonds shall mature at such time or times not  
1186 exceeding twenty years from their respective dates as may be provided  
1187 in or pursuant to the resolution or resolutions of the State Bond

1188 Commission authorizing such bonds. None of said bonds shall be  
1189 authorized except upon a finding by the State Bond Commission that  
1190 there has been filed with it a request for such authorization which is  
1191 signed by or on behalf of the Secretary of the Office of Policy and  
1192 Management and states such terms and conditions as said commission,  
1193 in its discretion, may require. Said bonds issued pursuant to this  
1194 section shall be general obligations of the state and the full faith and  
1195 credit of the state of Connecticut are pledged for the payment of the  
1196 principal of and interest on said bonds as the same become due, and  
1197 accordingly and as part of the contract of the state with the holders of  
1198 said bonds, appropriation of all amounts necessary for punctual  
1199 payment of such principal and interest is hereby made, and the State  
1200 Treasurer shall pay such principal and interest as the same become  
1201 due.

1202 Sec. 29. Subsection (b) of section 12-704d of the general statutes is  
1203 repealed and the following is substituted in lieu thereof (*Effective from*  
1204 *passage*):

1205 (b) There shall be allowed a credit against the tax imposed under  
1206 this chapter, other than the liability imposed by section 12-707, for a  
1207 cash investment of not less than [one hundred] twenty-five thousand  
1208 dollars in the qualified securities of a Connecticut business by an angel  
1209 investor. The credit shall be in an amount equal to twenty-five per cent  
1210 of such investor's cash investment, provided the total tax credits  
1211 allowed to any angel investor shall not exceed two hundred fifty  
1212 thousand dollars. The credit shall be claimed in the taxable year in  
1213 which such cash investment is made by the angel investor and shall  
1214 not be transferable.

1215 Sec. 30. (*Effective from passage*) On or before January 1, 2012, the  
1216 Labor Commissioner, in consultation with the Commissioner of  
1217 Economic and Community Development and representatives from  
1218 minority firms, regional community-technical colleges, the regional  
1219 vocational-technical school system, organized labor and small

1220 manufacturing firms, shall review (1) the Labor Department's current  
1221 training programs, and (2) the use of volunteers from the  
1222 manufacturing industry for training in manufacturing skills at regional  
1223 vocational-technical schools during hours other than those in the  
1224 regular school day and at regional community-technical colleges, and  
1225 submit a report, in accordance with the provisions of section 11-4a of  
1226 the general statutes, to the Governor and the joint standing committees  
1227 of the General Assembly having cognizance of matters relating to  
1228 higher education and employment advancement and labor, with its  
1229 findings, including recommendations on how state resources can be  
1230 reallocated to meet current training needs in the manufacturing  
1231 industry in this state.

1232       Sec. 31. (*Effective from passage*) (a) For the purposes described in  
1233 subsection (b) of this section, the State Bond Commission shall have  
1234 the power, from time to time to authorize the issuance of bonds of the  
1235 state in one or more series and in principal amounts not exceeding in  
1236 the aggregate two million two hundred thousand dollars, provided  
1237 one million one hundred thousand dollars of said authorization shall  
1238 be effective July 1, 2012.

1239       (b) The proceeds of the sale of said bonds, to the extent of the  
1240 amount stated in subsection (a) of this section, shall be used by the  
1241 Board of Regents for Higher Education to expand the precision  
1242 manufacturing program at Asnuntuck Community College.

1243       (c) All provisions of section 3-20 of the general statutes, or the  
1244 exercise of any right or power granted thereby, which are not  
1245 inconsistent with the provisions of this section are hereby adopted and  
1246 shall apply to all bonds authorized by the State Bond Commission  
1247 pursuant to this section, and temporary notes in anticipation of the  
1248 money to be derived from the sale of any such bonds so authorized  
1249 may be issued in accordance with said section 3-20 and from time to  
1250 time renewed. Such bonds shall mature at such time or times not  
1251 exceeding twenty years from their respective dates as may be provided

1252 in or pursuant to the resolution or resolutions of the State Bond  
1253 Commission authorizing such bonds. None of said bonds shall be  
1254 authorized except upon a finding by the State Bond Commission that  
1255 there has been filed with it a request for such authorization which is  
1256 signed by or on behalf of the Secretary of the Office of Policy and  
1257 Management and states such terms and conditions as said commission,  
1258 in its discretion, may require. Said bonds issued pursuant to this  
1259 section shall be general obligations of the state and the full faith and  
1260 credit of the state of Connecticut are pledged for the payment of the  
1261 principal of and interest on said bonds as the same become due, and  
1262 accordingly and as part of the contract of the state with the holders of  
1263 said bonds, appropriation of all amounts necessary for punctual  
1264 payment of such principal and interest is hereby made, and the State  
1265 Treasurer shall pay such principal and interest as the same become  
1266 due.

1267       Sec. 32. (*Effective from passage*) (a) For the purposes described in  
1268 subsection (b) of this section, the State Bond Commission shall have  
1269 the power, from time to time to authorize the issuance of bonds of the  
1270 state in one or more series and in principal amounts not exceeding in  
1271 the aggregate seventeen million eight hundred thousand dollars,  
1272 provided eight million nine hundred thousand dollars of said  
1273 authorization shall be effective July 1, 2012.

1274       (b) The proceeds of the sale of said bonds, to the extent of the  
1275 amount stated in subsection (a) of this section, shall be used by the  
1276 Board of Regents for Higher Education to establish or expand  
1277 manufacturing technology programs in three regional community-  
1278 technical colleges, provided such colleges demonstrate a commitment  
1279 to precision manufacturing and an ability to establish or expand such  
1280 programs through space and faculty.

1281       (c) All provisions of section 3-20 of the general statutes, or the  
1282 exercise of any right or power granted thereby, which are not  
1283 inconsistent with the provisions of this section are hereby adopted and

1284 shall apply to all bonds authorized by the State Bond Commission  
1285 pursuant to this section, and temporary notes in anticipation of the  
1286 money to be derived from the sale of any such bonds so authorized  
1287 may be issued in accordance with said section 3-20 and from time to  
1288 time renewed. Such bonds shall mature at such time or times not  
1289 exceeding twenty years from their respective dates as may be provided  
1290 in or pursuant to the resolution or resolutions of the State Bond  
1291 Commission authorizing such bonds. None of said bonds shall be  
1292 authorized except upon a finding by the State Bond Commission that  
1293 there has been filed with it a request for such authorization which is  
1294 signed by or on behalf of the Secretary of the Office of Policy and  
1295 Management and states such terms and conditions as said commission,  
1296 in its discretion, may require. Said bonds issued pursuant to this  
1297 section shall be general obligations of the state and the full faith and  
1298 credit of the state of Connecticut are pledged for the payment of the  
1299 principal of and interest on said bonds as the same become due, and  
1300 accordingly and as part of the contract of the state with the holders of  
1301 said bonds, appropriation of all amounts necessary for punctual  
1302 payment of such principal and interest is hereby made, and the State  
1303 Treasurer shall pay such principal and interest as the same become  
1304 due.

1305 Sec. 33. Section 10-220d of the general statutes is repealed and the  
1306 following is substituted in lieu thereof (*Effective from passage*):

1307 Each local and regional board of education shall provide full access  
1308 to regional vocational-technical schools, regional agricultural science  
1309 and technology education centers, interdistrict magnet schools, charter  
1310 schools and interdistrict student attendance programs for the  
1311 recruitment of students attending the schools under the board's  
1312 jurisdiction, provided such recruitment is not for the purpose of  
1313 interscholastic athletic competition. Each local and regional board of  
1314 education shall inform students and parents of students in middle and  
1315 high schools within such board's jurisdiction of the availability of (1)  
1316 vocational, technical and technological education and training at

1317 regional vocational-technical schools, and (2) agricultural science and  
1318 technology education at regional agricultural science and technology  
1319 education centers.

1320 Sec. 34. Section 10-95h of the general statutes, as amended by section  
1321 89 of public act 11-48, is repealed and the following is substituted in  
1322 lieu thereof (*Effective from passage*):

1323 (a) Not later than November thirtieth each year, the joint standing  
1324 committees of the General Assembly having cognizance of matters  
1325 relating to education, higher education and employment advancement  
1326 and labor shall meet with the superintendent of the regional  
1327 vocational-technical school system, the Labor Commissioner, the  
1328 Commissioner of Economic and Community Development and such  
1329 other persons as they deem appropriate to consider the items  
1330 submitted pursuant to subsection (b) of this section.

1331 (b) On or before November fifteenth, annually:

1332 (1) The Labor Commissioner shall submit the following to the joint  
1333 standing committees of the General Assembly having cognizance of  
1334 matters relating to education, higher education and employment  
1335 advancement and labor: (A) Information identifying general economic  
1336 trends in the state; (B) occupational information regarding the public  
1337 and private sectors, such as continuous data on occupational  
1338 movements; and (C) information identifying emerging regional, state  
1339 and national workforce needs over the next thirty years.

1340 (2) The superintendent of the vocational-technical school system  
1341 shall submit the following to the joint standing committees of the  
1342 General Assembly having cognizance of matters relating to education,  
1343 higher education and employment advancement and labor: (A)  
1344 Information ensuring that the curriculum of the regional vocational-  
1345 technical school system is incorporating those workforce skills that will  
1346 be needed for the next thirty years, as identified by the Labor  
1347 Commissioner in subdivision (1) of this subsection, into the regional

1348 vocational-technical schools; (B) information regarding the  
1349 employment status of students who graduate from the regional  
1350 vocational-technical school system; (C) an assessment of the adequacy  
1351 of the resources available to the regional vocational-technical school  
1352 system as the system develops and refines programs to meet existing  
1353 and emerging workforce needs; and (D) recommendations to the State  
1354 Board of Education to carry out the provisions of subparagraphs (A) to  
1355 (C), inclusive, of this subdivision.

1356 (3) The Commissioner of Economic and Community Development  
1357 shall submit the following to the joint standing committees of the  
1358 General Assembly having cognizance of matters relating to education,  
1359 higher education and employment advancement and labor: (A)  
1360 Information regarding the relationship between the Department of  
1361 Economic and Community Development and the regional vocational-  
1362 technical school system, (B) information regarding coordinated efforts  
1363 of the department and the regional vocational-technical school system  
1364 to collaborate with the business community, (C) information on  
1365 workforce training needs identified by the department through its  
1366 contact with businesses, (D) recommendations regarding how the  
1367 department and the regional vocational-technical school system can  
1368 coordinate or improve efforts to address the workforce training needs  
1369 identified in subparagraph (C) of this subdivision, (E) information  
1370 regarding the efforts of the department to utilize the regional  
1371 vocational-technical school system in business assistance and economic  
1372 development programs offered by the department, and (F) any  
1373 additional information the commissioner deems relevant.

1374 Sec. 35. Section 10-20a of the general statutes is repealed and the  
1375 following is substituted in lieu thereof (*Effective from passage*):

1376 (a) Local and regional boards of education, the regional vocational-  
1377 technical school system, postsecondary institutions and regional  
1378 educational service centers, may (1) in consultation with regional  
1379 workforce development boards established pursuant to section 31-3k,

1380 local employers, labor organizations and community-based  
1381 organizations establish career pathway programs leading to a  
1382 Connecticut career certificate in accordance with this section, and (2)  
1383 enroll students in such programs based on entry criteria determined by  
1384 the establishing agency. Such programs shall be approved by the  
1385 Commissioner of Education and the Labor Commissioner.  
1386 Applications for program approval shall be submitted to the  
1387 Commissioner of Education in such form and at such time as the  
1388 commissioner prescribes. All programs leading to a Connecticut career  
1389 certificate shall provide equal access for all students and necessary  
1390 accommodations and support for students with disabilities.

1391 (b) Programs established pursuant to this section may be offered for  
1392 one or more years and shall include:

1393 (1) Not less than eighty hours during any year of school-based  
1394 instruction which focuses on the academic, technical and  
1395 employability skills outlined in the skill standards established  
1396 pursuant to subsection (c) of this section, workplace safety awareness  
1397 and instruction in the history of the American economy and the role of  
1398 labor, business and industry;

1399 (2) Work-based instruction which includes worksite experience,  
1400 including all major activities related to the career cluster. Such  
1401 worksite experience shall: (A) Be paid, except as provided in  
1402 subsection (c) of section 10-20b, as amended by this act, (B) include a  
1403 planned program of job training and work experiences, including  
1404 training related to preemployment and employment skills to be  
1405 mastered at progressively higher levels, that are coordinated with  
1406 school-based instruction, (C) include instruction, to the extent  
1407 practicable, in all aspects of the industry, (D) relate to the academic,  
1408 technical and employability skills outlined in the skill standards  
1409 established pursuant to subsection (c) of this section, (E) include, but  
1410 not be limited to, on-the-job training, internships, community service  
1411 and field trips, (F) be conducted in accordance with an individualized

1412 written training and mentoring plan, agreed to by the student, his  
1413 parent or guardian, if the student is under eighteen years of age, the  
1414 principal of the school or the chief executive officer of the agency  
1415 operating the program in which the student is enrolled, or the  
1416 designee of such principal or chief executive officer, and the employer,  
1417 and (G) be in conformance with the requirements of section 10-20d;  
1418 and

1419 (3) Activities that ensure coordination between school-based  
1420 instruction and work-based instruction, including, but not limited to,  
1421 (A) career awareness and exploration opportunities, and (B)  
1422 information and guidance concerning transition to postsecondary  
1423 education.

1424 (c) For purposes of this section, "career cluster" means a range of  
1425 occupations which share a set of skills and knowledge organized  
1426 under the federal career clusters endorsed by the Office of Vocational  
1427 and Adult Education under the United States Department of  
1428 Education. Such skills and knowledge include (1) academic and  
1429 technical skills related to the type of employment and (2) general  
1430 employability skills. The Commissioner of Education, in consultation  
1431 with other state, regional and local agencies, business and industry  
1432 and labor organizations, shall maintain a list of federally recognized  
1433 career clusters and skill standards for each such career cluster, along  
1434 with the projected occupation growth area clusters within the state  
1435 identified by labor market projections provided by the Labor  
1436 Department.

1437 Sec. 36. Section 10-20b of the general statutes is repealed and the  
1438 following is substituted in lieu thereof (*Effective from passage*):

1439 (a) Except for the provisions of chapter 567, all state and federal  
1440 laws and regulations relating to employment, apprenticeship and  
1441 occupational licensing shall apply to students in a program leading to  
1442 a Connecticut career certificate pursuant to section 10-20a, as amended  
1443 by this act. Employers found to be in violation of a federal or state

1444 labor law may be prohibited from participation in the program.

1445 (b) Students participating in such programs shall not: (1) Replace  
1446 any employee or cause any reduction in hours of work, wages or  
1447 employment benefits of any employee of an employer participating in  
1448 the program or (2) be employed in a job from which an employee of a  
1449 participating employer has been laid off and for which he retains recall  
1450 rights. No employer shall terminate the employment of any of its  
1451 employees or otherwise reduce its workforce or work hours in order to  
1452 fill a vacancy so created with a student participating in the program.  
1453 The participation of any employer who is a party to one or more  
1454 collective bargaining agreements covering work to be performed by a  
1455 student participating in the program shall be conditioned on the  
1456 written concurrence of each labor organization that is a party to such  
1457 an agreement.

1458 (c) The employment of students in programs established pursuant  
1459 to section 10-20a, as amended by this act, shall be in compliance with  
1460 sections 31-23 and 31-58 and shall be paid employment, unless the  
1461 Labor Commissioner, or the commissioner's designee, in consultation  
1462 with the Commissioner of Education, or the commissioner's designee,  
1463 receives and approves a written request from the principal of the  
1464 school or the chief executive officer of the agency operating the  
1465 program in which the student is enrolled, or the designee of such  
1466 principal or chief executive officer, that such employment not be paid  
1467 because such employment (1) includes [of] worksite experiences that  
1468 are generally not paid employment, such as community service  
1469 activities or field trips, or (2) is an internship. The terms of  
1470 compensation shall be [(1)] (A) negotiated between the employer and  
1471 such principal or chief executive officer, or the designee of such  
1472 principal or chief executive officer, [(2)] (B) accepted by the student,  
1473 [(3)] (C) based on the nature of the work and the status of the student-  
1474 worker as a student, [(4)] (D) reasonable for the actual work  
1475 performed, and [(5)] (E) in compliance with the provisions of title 31  
1476 concerning the employment of minors.

1477 Sec. 37. (*Effective from passage*) The Office of Legislative Management  
1478 shall contract with the Connecticut Academy of Science and  
1479 Engineering to study, in consultation with the Department of  
1480 Economic and Community Development, Labor Department and  
1481 Board of Regents for Higher Education, strategies for evaluating the  
1482 effectiveness of programs and resources for assuring the state's skilled  
1483 workforce meets the current and future needs of business and industry  
1484 and report the findings of such study, in accordance with the  
1485 provisions of section 11-4a of the general statutes, to the joint standing  
1486 committees of the General Assembly having cognizance of matters  
1487 relating to higher education and employment advancement,  
1488 commerce, education and labor on or before January 1, 2013.

1489 Sec. 38. Section 1 of public act 11-86 is repealed and the following is  
1490 substituted in lieu thereof (*Effective from passage*):

1491 (a) (1) The Department of Economic and Community Development  
1492 shall establish a first five plus program to encourage business  
1493 expansion and job creation. As part of said program, the department  
1494 may provide substantial financial assistance to up to [five] ten eligible  
1495 business development projects in [each of] the fiscal [years] year  
1496 ending June 30, 2012, and up to five eligible business development  
1497 projects in the fiscal year ending June 30, 2013.

1498 (2) A business development project eligible for financial assistance  
1499 under the first five plus program shall commit, in the manner  
1500 prescribed by the Commissioner of Economic and Community  
1501 Development, to (A) create not less than two hundred new jobs within  
1502 twenty-four months from the date such application is approved; or (B)  
1503 invest not less than twenty-five million dollars and create not less than  
1504 two hundred new jobs within five years from the date such application  
1505 is approved.

1506 (3) The Commissioner of Economic and Community Development  
1507 may give preference to a business development project that (A)  
1508 involves the relocation of an out-of-state or international manufacturer

1509 or corporate headquarters, or (B) is a redevelopment project if the  
1510 commissioner believes such redevelopment project will create jobs  
1511 sooner than the schedule set forth in subdivision (2) of this [section]  
1512 subsection.

1513 (4) The Commissioner of Economic and Community Development  
1514 may, in awarding financial assistance to an eligible business  
1515 development project, work with the Connecticut Development  
1516 Authority and Connecticut Innovations, Incorporated, to secure  
1517 financing for such project.

1518 (5) The Commissioner of Economic and Community Development  
1519 shall certify to the Governor for his or her approval that a business  
1520 development project applicant has satisfied all the eligibility criteria in  
1521 the program. Financial assistance awarded through the first five plus  
1522 program shall be with the written consent of the Governor.

1523 (b) Financial assistance for the first five plus program for eligible  
1524 business development projects shall be exempt from the provisions of  
1525 subsection (c) of section 32-223 of the general statutes, section 32-462 of  
1526 the general statutes, subsection (q) of section 32-9t of the general  
1527 statutes and, at the commissioner's discretion, section 12-211a of the  
1528 general statutes, as amended by this act, for the fiscal years ending  
1529 June 30, 2012, and June 30, 2013.

1530 (c) The commissioner may take such action as the commissioner  
1531 deems necessary or appropriate to enforce such commitment,  
1532 including, but not limited to, establishing terms and conditions for the  
1533 repayment of any financial assistance awarded pursuant to the  
1534 provisions of this section.

1535 (d) On or before January 1, 2012, on or before September 1, 2012, on  
1536 or before January 1, 2013, and on or before September 1, 2013, the  
1537 Commissioner of Economic and Community Development shall report  
1538 in accordance with the provisions of section 11-4a of the general  
1539 statutes to the joint standing committees of the General Assembly

1540 having cognizance of matters relating to commerce and finance,  
1541 revenue and bonding on the projects funded through the first five plus  
1542 program, the number of jobs created and the impact on the economy of  
1543 this state.

1544 Sec. 39. (NEW) (*Effective from passage*) On or before October 1, 2012,  
1545 and annually thereafter, the Connecticut Airport Authority shall report  
1546 in accordance with the provisions of section 11-4a of the general  
1547 statutes to the Commissioner of Economic and Community  
1548 Development on airport development zones established pursuant to  
1549 section 32-75d of the general statutes, as amended by this act. Such  
1550 report shall include, but not be limited to, (1) information regarding  
1551 traffic in and around such airports, impact of each zone on airport  
1552 usage, and impact of each zone on employment within the airport and  
1553 businesses located at the airport, (2) recommendations for any needed  
1554 changes to an existing zone, and (3) recommendations for the  
1555 establishment of any additional zones.

1556 Sec. 40. Section 32-75d of the general statutes is repealed and the  
1557 following is substituted in lieu thereof (*Effective from passage*):

1558 (a) There is established an airport development zone, which is  
1559 comprised of the following census blocks as assigned on October 1,  
1560 2011, in the towns of Windsor Locks, Suffield, East Granby and  
1561 Windsor:

T1	090034701001022,	090034701003000,	090034701003001,
T2	090034701003002,	090034701003003,	090034701003004,
T3	090034701003005,	090034701003017,	090034701003018,
T4	090034701003019,	090034701003020,	090034701003021,
T5	090034701003025,	090034701003026,	090034735022009,
T6	090034735022010,	090034735022011,	090034735022012,
T7	090034735022013,	090034735025004,	090034735027000,
T8	090034735029000,	090034735029001,	090034735029002,
T9	090034735029003,	090034735029004,	090034735029006,
T10	090034761009000,	090034761009010,	090034761009011,
T11	090034761009012,	090034761009013,	090034762001023,
T12	090034762001025,	090034762002009,	090034762002013,

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T13	090034763003004,	090034763009000,	090034763009001,
T14	090034763009002,	090034763009003,	090034763009004,
T15	090034763009005,	090034763009006,	090034763009007,
T16	090034763009008,	090034763009009,	090034763009010,
T17	090034763009011,	090034763009012,	090034763009013,
T18	090034763009014,	090034763009015,	090034763009016,
T19	090034763009017,	090034763009018,	090034763009020,
T20	090034763009021,	090034763009022,	090034763009023,
T21	090034763009024,	090034763009025,	090034763009026,
T22	090034763009031,	090034763009033,	090034771014005,
T23	090034771014011,	090034771014012,	090034771014013,
T24	090034771014014,	090034771014017,	090034771014018,
T25	090034771014019,	090034771014020,	090034771023025,
T26	090034771023026,	090034771023027,	090034771023036,
T27	090034701003006,	090034701003022,	090034701003023,
T28	090034701005000,	090034761001039,	090034763009028.

1562        (b) Notwithstanding subsection (a) of this section, the Connecticut  
1563 Airport Authority may establish additional airport development zones  
1564 surrounding any of the general aviation airports, as defined in section  
1565 1 of public act 11-84, or any other airport within the duty, power and  
1566 authority of the authority, as defined in section 3 of public act 11-84,  
1567 upon receipt from the Commissioner of Economic and Community  
1568 Development of a proposal recommending the establishment of such a  
1569 zone.

1570        (1) The commissioner shall submit any such proposal to the  
1571 authority if the commissioner determines that the economic  
1572 development benefits of establishing a new airport development zone  
1573 outweigh the anticipated costs to the state and the affected  
1574 municipalities. Any such proposal shall comply with the state plan of  
1575 conservation and development adopted pursuant to chapter 297.

1576        (2) A proposal submitted by the commissioner shall include, but not  
1577 be limited to, an identification of:

1578        (A) The geographical scope of such proposed zone, including  
1579 designation of all census blocks that the commissioner proposes  
1580 incorporating into such zone, provided (i) each zone shall be in

1581 accordance with the applicable general aviation airport or other  
1582 airport's master plan, and (ii) no zone shall extend beyond a two-mile  
1583 radius of the applicable general aviation airport or other airport  
1584 without approval of the General Assembly;

1585 (B) The economic development benefits anticipated from the  
1586 establishment of such zone, including the nature of business and  
1587 industry that will be developed and the anticipated number of jobs  
1588 created; and

1589 (C) The anticipated costs of establishing such zone.

1590 (3) The authority may modify the geographic scope of the proposed  
1591 zone to improve, within the authority's discretion, the balance between  
1592 the anticipated economic benefit and the cost to the state and affected  
1593 municipalities.

1594 (4) The authority may approve the establishment of a new airport  
1595 development zone upon a majority vote of a quorum of the members.  
1596 Within five days of such approval, the authority shall submit a report  
1597 to the commissioner identifying all census blocks comprising such  
1598 approved zone. The zone shall be deemed established upon the  
1599 approval of the authority.

1600 (5) An airport development zone established pursuant to this  
1601 subsection shall not include the land on which any general aviation  
1602 airport or other airport operates, including any state-owned or  
1603 controlled land.

1604 Sec. 41. Subparagraph (c) of subdivision (59) of section 12-81 of the  
1605 general statutes, as amended by section 2 of public act 10-98 and  
1606 section 26 of public act 11-140, is repealed and the following is  
1607 substituted in lieu thereof (*Effective from passage*):

1608 (c) The completion date of a manufacturing facility, manufacturing  
1609 plant or a service facility will be determined by the Department of  
1610 Economic and Community Development taking into account the

1611 issuance of occupancy certificates and such other factors as it deems  
1612 relevant. In the case of a manufacturing facility, manufacturing plant  
1613 or a service facility which consists of a constructed, renovated or  
1614 expanded portion of an existing plant, the assessed valuation of the  
1615 facility or manufacturing plant is the difference between the assessed  
1616 valuation of the plant prior to its being improved and the assessed  
1617 valuation of the plant upon completion of the improvements. In the  
1618 case of a manufacturing facility, manufacturing plant or a service  
1619 facility which consists of an acquired portion of an existing plant, the  
1620 assessed valuation of the facility or manufacturing plant is the assessed  
1621 valuation of the portion acquired. This exemption shall be applicable  
1622 during each such assessment year regardless of any change in the  
1623 ownership or occupancy of the facility or manufacturing plant. If  
1624 during any such assessment year, however, any facility for which an  
1625 eligibility certificate has been issued ceases to qualify as a  
1626 manufacturing facility, manufacturing plant or a service facility, the  
1627 entitlement to the exemption allowed by this subdivision shall  
1628 terminate for the assessment year following the date on which the  
1629 qualification ceases, and there shall not be a pro rata application of the  
1630 exemption. Any person who desires to claim the exemption provided  
1631 in this subdivision shall file annually with the assessor or board of  
1632 assessors in the distressed municipality, targeted investment  
1633 community, enterprise zone designated pursuant to section 32-70 or in  
1634 [the] a town within [the] an airport development zone established  
1635 pursuant to section 32-75d, as amended by this act, in which the  
1636 manufacturing facility or service facility is located, on or before the  
1637 first day of November, written application claiming such exemption on  
1638 a form prescribed by the Secretary of the Office of Policy and  
1639 Management. Failure to file such application in this manner and form  
1640 within the time limit prescribed shall constitute a waiver of the right to  
1641 such exemption for such assessment year, unless an extension of time  
1642 is allowed pursuant to section 12-81k, and upon payment of the  
1643 required fee for late filing;

1644 Sec. 42. Subparagraph (c) of subdivision (60) of section 12-81 of the

1645 general statutes, as amended by section 3 of public act 10-98, is  
1646 repealed and the following is substituted in lieu thereof (*Effective from*  
1647 *passage*):

1648 (c) This exemption shall terminate for the assessment year next  
1649 following if the manufacturing facility or service facility in which such  
1650 machinery and equipment is installed no longer qualifies for an  
1651 exemption under said subdivision (59), and there shall not be a pro  
1652 rata application of the exemption of such machinery and equipment in  
1653 the assessment year of such termination. Any person who desires to  
1654 claim the exemption provided in this subdivision shall file annually  
1655 with the assessor or board of assessors in the distressed municipality,  
1656 targeted investment community, enterprise zone designated pursuant  
1657 to section 32-70 or [the] a town in [the] an airport development zone  
1658 established pursuant to section 32-75d, as amended by this act, in  
1659 which the manufacturing facility or service facility is located, on or  
1660 before the first day of November, written application claiming such  
1661 exemption on a form prescribed by the Secretary of the Office of Policy  
1662 and Management. Failure to file such application in this manner and  
1663 form within the time limit prescribed shall constitute a waiver of the  
1664 right to such exemption for such assessment year, unless an extension  
1665 of time is allowed pursuant to section 12-81k, and upon payment of the  
1666 required fee for late filing. This exemption shall not apply to rolling  
1667 stock.

1668 Sec. 43. Subsection (d) of section 32-9p of the general statutes, as  
1669 amended by section 5 of public act 10-98 and section 17 of public act  
1670 11-140, is repealed and the following is substituted in lieu thereof  
1671 (*Effective from passage*):

1672 (d) "Manufacturing facility" means any plant, building, other real  
1673 property improvement, or part thereof, (1) which (A) is constructed or  
1674 substantially renovated or expanded on or after July 1, 1978, in a  
1675 distressed municipality, a targeted investment community as defined  
1676 in section 32-222, an enterprise zone designated pursuant to section 32-

1677 70 or [the] an airport development zone established pursuant to  
1678 section 32-75d, as amended by this act, or (B) is acquired on or after  
1679 July 1, 1978, in a distressed municipality, a targeted investment  
1680 community as defined in section 32-222, an enterprise zone designated  
1681 pursuant to said section 32-70 or [the] an airport development zone  
1682 established pursuant to section 32-75d, as amended by this act, by a  
1683 business organization which is unrelated to and unaffiliated with the  
1684 seller, after having been idle for at least one year prior to its acquisition  
1685 and regardless of its previous use; (2) which is to be used for the  
1686 manufacturing, processing or assembling of raw materials, parts or  
1687 manufactured products, for research and development facilities  
1688 directly related to manufacturing, for the significant servicing,  
1689 overhauling or rebuilding of machinery and equipment for industrial  
1690 use, or, except as provided in this subsection, for warehousing and  
1691 distribution or, (A) if located in an enterprise zone designated  
1692 pursuant to said section 32-70, which is to be used by an establishment,  
1693 an auxiliary or an operating unit of an establishment, which is an  
1694 economic base business as defined in subsection (d) of section 32-222  
1695 or has a North American Industrial Classification code of 114111  
1696 through 114210, 311111 through 339999, 482111 through 484230,  
1697 488310, 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120,  
1698 512191, 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110,  
1699 523120, 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127,  
1700 524128, 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422,  
1701 611310, 611410, 611420, 611430, 611513, 611519, 611710 or 624410 or  
1702 any business that is part of an economic cluster, as defined in  
1703 subsection (e) of section 32-222, or any establishment or auxiliary or  
1704 operating unit thereof, as defined in the North American Industrial  
1705 Classification System Manual, or (B) if located in an enterprise zone  
1706 designated pursuant to said section 32-70, which is to be used by an  
1707 establishment primarily engaged in supplying goods or services in the  
1708 fields of computer hardware or software, computer networking,  
1709 telecommunications or communications, or (C) if located in a  
1710 municipality with an entertainment district designated under section

1711 32-76 or established under section 2 of public act 93-311, is to be used  
1712 in the production of entertainment products, including multimedia  
1713 products, or as part of the airing, display or provision of live  
1714 entertainment for stage or broadcast, including support services such  
1715 as set manufacturers, scenery makers, sound and video equipment  
1716 providers and manufacturers, stage and screen writers, providers of  
1717 capital for the entertainment industry and agents for talent, writers,  
1718 producers and music properties and technological infrastructure  
1719 support including, but not limited to, fiber optics, necessary to support  
1720 multimedia and other entertainment formats, except entertainment  
1721 provided by or shown at a gambling or gaming facility or a facility  
1722 whose primary business is the sale or serving of alcoholic beverages, or  
1723 (D) if located in [the] an airport development zone established  
1724 pursuant to section 32-75d, as amended by this act, (i) which, for the  
1725 Bradley Airport development zone, is to be used for the warehousing  
1726 or motor freight distribution of goods transported by aircraft to or  
1727 from an airport located in such zone, or (ii) in the opinion of the  
1728 Connecticut Airport Authority, in consultation with the Commissioner  
1729 of Economic and Community Development, [is] may be dependent  
1730 upon or directly related to such airport and which, except as provided  
1731 in this subparagraph, is to be used for any other business service,  
1732 [including, but not limited to, information technology but] excluding  
1733 any service provided by an organization that has a North American  
1734 Industrial Classification Code of 237130, 441110 to 454390, inclusive,  
1735 532111, 532112 or 812930; and (3) for which the department or  
1736 authority, as applicable, has issued an eligibility certificate in  
1737 accordance with section 32-9r, as amended by public act 11-140 and  
1738 this act. In the case of facilities which are acquired, the department or  
1739 the Connecticut Airport Authority, as applicable, may waive the  
1740 requirement of one year of idleness if it determines that, absent  
1741 qualification as a manufacturing facility under subdivisions (59) and  
1742 (60) of section 12-81, as amended by public act 11-140 and this act, and  
1743 sections 12-217e, 32-9p to 32-9s, inclusive, as amended by public act 11-  
1744 140 and this act, and 32-23p, there is a high likelihood that the facility

1745 will remain idle for one year. In the case of facilities located in an  
1746 enterprise zone designated pursuant to said section 32-70, (A) the  
1747 idleness requirement in subparagraph (B) of subdivision (1) of this  
1748 subsection, for business organizations which over the six months  
1749 preceding such acquisition have had an average total employment of  
1750 between six and nineteen employees, inclusive, shall be reduced to a  
1751 minimum of six months, and (B) the idleness requirement shall not  
1752 apply to business organizations with an average total employment of  
1753 five or fewer employees, provided no more than one eligibility  
1754 certificate shall be issued under this subparagraph for the same facility  
1755 within a three-year period. Of those facilities which are for  
1756 warehousing and distribution, only those which are newly constructed  
1757 or which represent an expansion of an existing facility qualify as  
1758 manufacturing facilities. In the event that only a portion of a plant is  
1759 acquired, constructed, renovated or expanded, only the portion  
1760 acquired, constructed, renovated or expanded constitutes the  
1761 manufacturing facility. A manufacturing facility which is leased may  
1762 for the purposes of subdivisions (59) and (60) of section 12-81, as  
1763 amended by public act 11-140 and this act, and sections 12-217e, 32-9p  
1764 to 32-9s, inclusive, as amended by public act 11-140 and this act, and  
1765 32-23p, be treated in the same manner as a facility which is acquired if  
1766 the provisions of the lease serve to further the purposes of  
1767 subdivisions (59) and (60) of section 12-81, as amended by public act  
1768 11-140 and this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as  
1769 amended by public act 11-140 and this act, and 32-23p and  
1770 demonstrate a substantial, long-term commitment by the occupant to  
1771 use the manufacturing facility, including a contract for lease for an  
1772 initial minimum term of five years with provisions for the extension of  
1773 the lease at the request of the lessee for an aggregate term which shall  
1774 not be less than ten years, or the right of the lessee to purchase the  
1775 facility at any time after the initial five-year term, or both. For a facility  
1776 located in an enterprise zone designated pursuant to said section 32-70,  
1777 and occupied by a business organization with an average total  
1778 employment of ten or fewer employees over the six-month period

1779 preceding acquisition, such contract for lease may be for an initial  
1780 minimum term of three years with provisions for the extension of the  
1781 lease at the request of the lessee for an aggregate term which shall not  
1782 be less than six years, or the right of the lessee to purchase the facility  
1783 at any time after the initial three-year term, or both, and may also  
1784 include the right for the lessee to relocate to other space within the  
1785 same enterprise zone, provided such space is under the same  
1786 ownership or control as the originally leased space or if such space is  
1787 not under such same ownership or control as the originally leased  
1788 space, permission to relocate is granted by the lessor of such originally  
1789 leased space, and such relocation shall not extend the duration of  
1790 benefits granted under the original eligibility certificate. Except as  
1791 provided in subparagraph (B) of subdivision (1) of this subsection, a  
1792 manufacturing facility does not include any plant, building, other real  
1793 property improvement or part thereof used or usable for such  
1794 purposes which existed before July 1, 1978.

1795 Sec. 44. Section 32-9r of the general statutes, as amended by section  
1796 6 of public act 10-98 and section 18 of public act 11-140, is repealed and  
1797 the following is substituted in lieu thereof (*Effective from passage*):

1798 (a) Any person may apply to the department for a determination as  
1799 to whether the facility described in an application qualifies as a  
1800 manufacturing facility or service facility. The department shall forward  
1801 immediately any application concerning a facility located within an  
1802 airport development zone established pursuant to section 32-75d, as  
1803 amended by this act, including an economic impact statement, to the  
1804 Connecticut Airport Authority. Applications for eligibility certificates  
1805 are to be made on the forms and in the manner prescribed by the  
1806 department. In evaluating each application the department may  
1807 require the submission of all books, records, documents, drawings,  
1808 specifications, certifications and other evidentiary items which it  
1809 deems appropriate. No eligibility certificate shall be issued after March  
1810 1, 1991, for a manufacturing facility located in a distressed  
1811 municipality which does not qualify as a targeted investment

1812 community unless the department has issued to the applicant a  
1813 commitment letter for such facility prior to March 1, 1991.  
1814 Notwithstanding the provisions of this subsection, an eligibility  
1815 certificate may be issued by the department after March 1, 1991, for a  
1816 qualified manufacturing facility acquired, constructed or substantially  
1817 renovated in a distressed municipality provided the commissioner  
1818 determines that such acquisition, construction or substantial  
1819 renovation was initiated prior to March 1, 1991, and was legitimately  
1820 induced by the prospect of assistance under section 12-217e and  
1821 subdivisions (59) and (60) of section 12-81, as amended by this act,  
1822 respectively. The department may issue an eligibility certificate for a  
1823 qualified manufacturing facility or a qualified service facility located in  
1824 a targeted investment community upon determination by the  
1825 commissioner (A) that the acquisition, construction or substantial  
1826 renovation relating to the qualified manufacturing facility or qualified  
1827 service facility in such community was induced by the prospect of  
1828 assistance under section 12-217e and subdivisions (59) and (60) of  
1829 [said] section 12-81, as amended by this act; and (B) the applicant  
1830 demonstrates an economic need or there is an economic benefit to the  
1831 state. Notwithstanding the provisions of this subsection, on and after  
1832 the effective date of this section, the Connecticut Airport Authority  
1833 shall issue an eligibility certificate [shall be issued by the department  
1834 after October 1, 2010,] for a qualified manufacturing facility located in  
1835 [the] an airport development zone established pursuant to section 32-  
1836 75d, as amended by this act, and may [be issued by the department  
1837 after October 1, 2010,] issue an eligibility certificate for a facility  
1838 described in subparagraph (D) of subdivision (2) of subsection (d) of  
1839 section 32-9p, as amended by this act, upon determination by the  
1840 [commissioner] authority (i) that the acquisition, construction or  
1841 substantial renovation relating to the qualified manufacturing facility  
1842 or facility described in said subparagraph (D) in the airport  
1843 development zone was induced by the prospect of assistance under  
1844 section 12-217e and subdivisions (59) and (60) of [said] section 12-81, as  
1845 amended by this act; [and] (ii) the applicant demonstrates an economic

1846 need and there is an economic benefit to the state without causing an  
1847 economic detriment to or conflict with an existing zone; and (iii) that  
1848 the applicant serves an airport-related function or relies substantially  
1849 on airport services. The department shall issue an eligibility certificate  
1850 if the commissioner determines (1) that the manufacturing facility is  
1851 located in an enterprise zone designated pursuant to section 32-70 and  
1852 is a qualified manufacturing facility, or (2) that the facility is a plant,  
1853 building, other real property improvement, or part thereof, which is  
1854 located in a municipality with an entertainment district designated  
1855 under section 32-76 or established under section 2 of public act 93-311,  
1856 and which qualifies as a "manufacturing facility" under subsection (d)  
1857 of section 32-9p, as amended by this act, in that it is to be used in the  
1858 production of entertainment products, including multimedia products,  
1859 or as part of the airing, display or provision of live entertainment for  
1860 stage or broadcast, including support services such as set  
1861 manufacturers, scenery makers, sound and video equipment providers  
1862 and manufacturers, stage and screen writers, providers of capital for  
1863 the entertainment industry and agents for talent, writers, producers  
1864 and music properties and technological infrastructure support  
1865 including, but not limited to, fiber optics, necessary to support  
1866 multimedia and other entertainment formats, except entertainment  
1867 provided by or shown at a gambling or gaming facility or a facility  
1868 whose primary business is the sale or serving of alcoholic beverages.

1869 (b) The department shall reach a determination as to the eligibility  
1870 of a facility within a reasonable time period, but may postpone the  
1871 determination to the extent required to verify to its satisfaction that  
1872 there is a high likelihood that any proposed facility will actually be  
1873 constructed, expanded, substantially renovated or acquired. Upon a  
1874 favorable finding, the department shall issue to the applicant a  
1875 certificate to the effect that the facility concerned is a manufacturing  
1876 facility or a service facility and is eligible for assistance under section  
1877 12-217e and subdivisions (59) and (60) of section 12-81, as amended by  
1878 this act.

1879 (c) [Upon] Except as specified in subsection (d) of this section, upon  
1880 an unfavorable determination the department shall issue a notice to  
1881 the applicant to the effect that the facility concerned has been  
1882 determined not to be a manufacturing facility or a service facility,  
1883 together with a statement in reasonable detail as to the reasons for the  
1884 unfavorable determination. Any aggrieved applicant shall be afforded  
1885 an opportunity for a public hearing on the matter within thirty days  
1886 following issuance of the notice. The department shall reconsider the  
1887 application based upon the information presented at the public  
1888 hearing and reaffirm or change its earlier determination within ten  
1889 days of the hearing.

1890 (d) Upon an unfavorable determination regarding an application  
1891 concerning an airport development zone, the Connecticut Airport  
1892 Authority shall issue a notice to the applicant to the effect that the  
1893 facility concerned has been determined not to be a manufacturing  
1894 facility or a service facility, together with a statement in reasonable  
1895 detail as to the reasons for the unfavorable determination. Any  
1896 aggrieved applicant shall be afforded an opportunity for a public  
1897 hearing on the matter within thirty days following issuance of the  
1898 notice. The authority shall reconsider the application based upon the  
1899 information presented at the public hearing and reaffirm or change its  
1900 earlier determination within ten days of the hearing.

1901 ~~[(d)]~~ (e) The decision of the department rendered pursuant to  
1902 subsection (c) of this section or of the authority rendered pursuant to  
1903 subsection (d) of this subsection, as the case may be, to issue an  
1904 eligibility certificate or to deny an application for the issuance of an  
1905 eligibility certificate either upon the expiration of thirty days without a  
1906 public hearing following an initial unfavorable determination or upon  
1907 any reconsideration of the application pursuant to subsection (c) or (d)  
1908 of this section is conclusive and final as to the matters thereby decided,  
1909 and chapter 54 shall not apply to the administrative determinations  
1910 authorized to be made by this section.

1911 [(e)] (f) Any person who claims a benefit under section 12-217e or  
1912 subdivisions (59) and (60) of section 12-81, as amended by this act,  
1913 shall notify the department of any change in fact or circumstance  
1914 which may bear upon the continued qualification as a manufacturing  
1915 facility or a service facility for which an eligibility certificate has been  
1916 issued. Upon receipt of such information or upon independent  
1917 investigation, the department may revoke the eligibility certificate in  
1918 the manner provided in subsection (c) of this section.

1919 [(f)] (g) The commissioner shall adopt regulations, in accordance  
1920 with chapter 54, to carry out the provisions of this section. Such  
1921 regulations shall provide that establishments in the category of  
1922 business support services, as defined in subsection (b) of section 32-  
1923 222, or manufacturing facilities, as defined in subsection (d) of section  
1924 32-9p, as amended by sections 16 and 17 of public act 11-140 and this  
1925 act, may be eligible for a certificate if they are located in an enterprise  
1926 zone.

1927 Sec. 45. Section 32-9s of the general statutes, as amended by section  
1928 7 of public act 10-98, is repealed and the following is substituted in lieu  
1929 thereof (*Effective from passage*):

1930 The state shall make an annual grant payment to each municipality,  
1931 to each district, as defined in section 7-325, which is located in a  
1932 distressed municipality, targeted investment community, enterprise  
1933 zone or municipality within [the] an airport development zone  
1934 established pursuant to section 32-75d, as amended by this act, and to  
1935 each special services district created pursuant to chapter 105a which is  
1936 located in a distressed municipality, targeted investment community  
1937 or enterprise zone in the amount of fifty per cent of the amount of that  
1938 tax revenue which the municipality or district would have received  
1939 except for the provisions of subdivisions (59) and (60) of section 12-81,  
1940 as amended by this act, or subdivision (70) of [said] section 12-81. On  
1941 or before the first day of August of each year, each municipality and  
1942 district shall file a claim with the Secretary of the Office of Policy and

1943 Management for the amount of such grant payment to which such  
1944 municipality or district is entitled under this section. The claim shall be  
1945 made on forms prescribed by the secretary and shall be accompanied  
1946 by such supporting information as the secretary may require. Any  
1947 municipality or district which neglects to transmit to the secretary such  
1948 claim and supporting documentation as required by this section shall  
1949 forfeit two hundred fifty dollars to the state, provided the secretary  
1950 may waive such forfeiture in accordance with procedures and  
1951 standards adopted by regulation in accordance with chapter 54. The  
1952 secretary shall review each such claim as provided in section 12-120b.  
1953 Any claimant aggrieved by the results of the secretary's review shall  
1954 have the rights of appeal as set forth in section 12-120b. The secretary  
1955 shall, on or before the December fifteenth next succeeding the deadline  
1956 for the receipt of such claims, certify to the Comptroller the amount  
1957 due under this section, including any modification of such claim made  
1958 prior to December fifteenth, to each municipality or district which has  
1959 made a claim under the provisions of this section. The Comptroller  
1960 shall draw an order on the Treasurer on or before the fifth business  
1961 day following December fifteenth, and the Treasurer shall pay the  
1962 amount thereof to each such municipality or district on or before the  
1963 following December thirty-first. If any modification is made as the  
1964 result of the provisions of this section on or after the December first  
1965 following the date on which the municipality or district has provided  
1966 the amount of tax revenue in question, any adjustment to the amount  
1967 due to any municipality or district for the period for which such  
1968 modification was made shall be made in the next payment the  
1969 Treasurer shall make to such municipality or district pursuant to this  
1970 section. In the fiscal year commencing July 1, 2003, and in each fiscal  
1971 year thereafter, the amount of the grant payable to each municipality  
1972 and district in accordance with this section shall be reduced  
1973 proportionately in the event that the total amount of the grants  
1974 payable to all municipalities and districts exceeds the amount  
1975 appropriated.

1976 Sec. 46. (*Effective from passage*) (a) The State Bond Commission shall

1977 have power, in accordance with the provisions of this section, from  
1978 time to time to authorize the issuance of special tax obligation bonds of  
1979 the state in one or more series and in principal amounts in the  
1980 aggregate, not exceeding fifty million dollars.

1981 (b) The proceeds of the sale of said bonds to the extent hereinafter  
1982 stated, shall be used for the purpose of payment of the transportation  
1983 costs, as defined in subdivision (6) of section 13b-75 of the general  
1984 statutes, with respect to the projects and uses hereinafter described,  
1985 which projects and uses are hereby found and determined to be in  
1986 furtherance of one or more of the authorized purposes for the issuance  
1987 of special tax obligation bonds set forth in section 13b-74 of the general  
1988 statutes. Any proceeds from the sale of said bonds shall be used by the  
1989 Department of Transportation for the fix-it-first program to repair the  
1990 state's bridges.

1991 (c) None of said bonds shall be authorized except upon a finding by  
1992 the State Bond Commission that there has been filed with it (1) a  
1993 request for such authorization, which is signed by the Secretary of the  
1994 Office of Policy and Management or by or on behalf of such state  
1995 officer, department or agency and stating such terms and conditions as  
1996 said commission, in its discretion, may require, and (2) any capital  
1997 development impact statement and any human services facility  
1998 colocation statement required to be filed with the Secretary of the  
1999 Office of Policy and Management pursuant to section 4b-23 of the  
2000 general statutes, as amended by this act, any advisory report regarding  
2001 the state conservation and development policies plan required  
2002 pursuant to section 16a-31 of the general statutes, and any statement  
2003 regarding farm land required pursuant to subsection (g) of section 3-20  
2004 of the general statutes and section 22-6 of the general statutes,  
2005 provided the State Bond Commission may authorize said bonds  
2006 without a finding that the reports and statements required by this  
2007 subdivision have been filed with it if said commission authorizes the  
2008 secretary of said commission to accept such reports and statements on  
2009 its behalf. No funds derived from the sale of bonds authorized by said

2010 commission without a finding that the reports and statements required  
2011 by this subdivision have been filed with it shall be allotted by the  
2012 Governor for any project until the reports and statements required by  
2013 this subdivision, with respect to such project, have been filed with the  
2014 secretary of said commission.

2015 (d) For the purposes of this section, each request filed as provided in  
2016 this section for an authorization of bonds shall identify the project for  
2017 which the proceeds of the sale of such bonds are to be used and  
2018 expended and, in addition to any terms and conditions required  
2019 pursuant to this section, include the recommendation of the person  
2020 signing such request as to the extent to which federal, private or other  
2021 moneys then available or thereafter to be made available for costs in  
2022 connection with any such project should be added to the state moneys  
2023 available or becoming available from the proceeds of bonds and  
2024 temporary notes issued in anticipation of the receipt of the proceeds of  
2025 bonds. If the request includes a recommendation that some amount of  
2026 such federal, private or other moneys should be added to such state  
2027 moneys, then, if and to the extent directed by the State Bond  
2028 Commission at the time of authorization of such bonds, said amount of  
2029 such federal, private or other moneys then available or thereafter to be  
2030 made available for costs in connection with such project shall be added  
2031 to such state moneys.

2032 (e) Any balance of proceeds of the sale of said bonds authorized for  
2033 the projects or purposes of this section, in excess of the aggregate costs  
2034 of all the projects so authorized, shall be used in the manner set forth  
2035 in sections 13b-74 to 13b-77, inclusive, of the general statutes, and in  
2036 the proceedings of the State Bond Commission respecting the issuance  
2037 and sale of said bonds.

2038 (f) Said bonds issued pursuant to this section shall be special  
2039 obligations of the state and shall not be payable from or charged upon  
2040 any funds other than revenues of the state pledged therefor in  
2041 subsection (b) of section 13b-61 of the general statutes and section 13b-

2042 69 of the general statutes, or such other receipts, funds or moneys as  
2043 may be pledged therefor. Said bonds shall not be payable from or  
2044 charged upon any funds other than such pledged revenues or such  
2045 other receipts, funds or moneys as may be pledged therefor, nor shall  
2046 the state or any political subdivision thereof be subject to any liability  
2047 thereon, except to the extent of such pledged revenues or such other  
2048 receipts, funds or moneys as may be pledged therefor. Said bonds shall  
2049 be issued under and in accordance with the provisions of sections 13b-  
2050 74 to 13b-77, inclusive, of the general statutes.

2051 Sec. 47. Subsection (a) of section 32-235 of the general statutes, as  
2052 amended by section 74 of public act 11-57, is repealed and the  
2053 following is substituted in lieu thereof (*Effective from passage*):

2054 (a) For the purposes described in subsection (b) of this section, the  
2055 State Bond Commission shall have the power, from time to time to  
2056 authorize the issuance of bonds of the state in one or more series and  
2057 in principal amounts not exceeding in the aggregate [six hundred  
2058 seventy-five million three hundred thousand] one billion fifteen  
2059 million three hundred thousand dollars, provided [forty million  
2060 dollars of said authorization shall be effective July 1, 2012] one  
2061 hundred forty million dollars of said authorization shall be effective  
2062 July 1, 2011, and twenty million dollars of said authorization shall be  
2063 made available for small business development. Two hundred eighty  
2064 million dollars of said authorization shall be effective July 1, 2012, and  
2065 forty million dollars of said authorization shall be made available for  
2066 small business development. Any amount of said authorizations that  
2067 are required to be made available for small business development but  
2068 are not exhausted for such purpose by the first day of the fiscal year  
2069 subsequent to the fiscal year in which such amount was made  
2070 available shall be used for the purposes described in subsection (b) of  
2071 this section. For purposes of this subsection, a "small business" is one  
2072 employing not more than fifty employees.

2073 Sec. 48. Subdivision (1) of subsection (i) of section 32-9t of the

2074 general statutes, as amended by section 2 of public act 11-86, is  
2075 repealed and the following is substituted in lieu thereof (*Effective from*  
2076 *passage*):

2077 (i) (1) There shall be allowed as a credit against the tax imposed  
2078 under chapters 207 to 212a, inclusive, or section 38a-743, or a  
2079 combination of said taxes, an amount equal to the following  
2080 percentage of approved investments made by or on behalf of a  
2081 taxpayer with respect to the following income years of the taxpayer:  
2082 (A) With respect to the income year in which the investment in the  
2083 eligible project was made and the two next succeeding income years,  
2084 zero per cent; (B) with respect to the third full income year succeeding  
2085 the year in which the investment in the eligible project was made and  
2086 the three next succeeding income years, ten per cent; (C) with respect  
2087 to the seventh full income year succeeding the year in which the  
2088 investment in the eligible project was made and the next two  
2089 succeeding years, twenty per cent. The sum of all tax credits granted  
2090 pursuant to the provisions of this section shall not exceed one hundred  
2091 million dollars with respect to a single eligible urban reinvestment  
2092 project or a single eligible industrial site investment project approved  
2093 by the commissioner. The sum of all tax credits granted pursuant to  
2094 the provisions of this section shall not exceed [seven] six hundred fifty  
2095 million dollars.

2096 Sec. 49. (*Effective from passage*) (a) For the purposes described in  
2097 subsection (b) of this section, the State Bond Commission shall have  
2098 the power, from time to time to authorize the issuance of bonds of the  
2099 state in one or more series and in principal amounts not exceeding in  
2100 the aggregate ten million dollars, provided five million dollars of said  
2101 allocation shall be effective July 1, 2012.

2102 (b) The proceeds of the sale of said bonds, to the extent of the  
2103 amount stated in subsection (a) of this section, shall be used by the  
2104 Department of Energy and Environmental Protection for the energy  
2105 efficiency fuel oil furnace and boiler replacement, upgrade and repair

2106 program established pursuant to section 50 of this act.

2107 (c) All provisions of section 3-20 of the general statutes, or the  
2108 exercise of any right or power granted thereby, which are not  
2109 inconsistent with the provisions of this section are hereby adopted and  
2110 shall apply to all bonds authorized by the State Bond Commission  
2111 pursuant to this section, and temporary notes in anticipation of the  
2112 money to be derived from the sale of any such bonds so authorized  
2113 may be issued in accordance with said section 3-20 and from time to  
2114 time renewed. Such bonds shall mature at such time or times not  
2115 exceeding twenty years from their respective dates as may be provided  
2116 in or pursuant to the resolution or resolutions of the State Bond  
2117 Commission authorizing such bonds. None of said bonds shall be  
2118 authorized except upon a finding by the State Bond Commission that  
2119 there has been filed with it a request for such authorization which is  
2120 signed by or on behalf of the Secretary of the Office of Policy and  
2121 Management and states such terms and conditions as said commission,  
2122 in its discretion, may require. Said bonds issued pursuant to this  
2123 section shall be general obligations of the state and the full faith and  
2124 credit of the state of Connecticut are pledged for the payment of the  
2125 principal of and interest on said bonds as the same become due, and  
2126 accordingly and as part of the contract of the state with the holders of  
2127 said bonds, appropriation of all amounts necessary for punctual  
2128 payment of such principal and interest is hereby made, and the State  
2129 Treasurer shall pay such principal and interest as the same become  
2130 due.

2131 Sec. 50. (NEW) (*Effective from passage*) (a) On or after the effective  
2132 date of this section and upon the allocation of the proceeds of the  
2133 bonds authorized by section 49 of this act, the Department of Energy  
2134 and Environmental Protection shall establish an energy efficiency fuel  
2135 oil furnace and boiler replacement, upgrade or repair program to  
2136 provide replacement furnaces and boilers, and repairs and upgrades to  
2137 existing furnaces or boilers to meet the standards for replacement units  
2138 specified in this subsection, to (1) nonprofit organizations that own

2139 their own buildings, and (2) housing authorities for use in dwelling  
2140 units owned by such housing authorities. The Commissioner of Energy  
2141 and Environmental Protection shall, upon terms acceptable to the  
2142 commissioner, enter into a written agreement with the Fuel Oil  
2143 Conservation Board, established pursuant to section 49 of public act  
2144 11-80, as amended by this act, to provide for the purchase and  
2145 installation of energy efficient oil furnaces and boilers or upgrades or  
2146 repairs to existing furnaces and boilers, as appropriate. Such  
2147 replacement energy efficient oil furnaces or boilers shall be equipped  
2148 with electronically commutated blower motors and have an efficiency  
2149 rating of not less than eighty-six per cent. Such energy efficient oil  
2150 furnaces and boilers shall be equipped with thermal purge or  
2151 temperature reset controls and have an efficiency rating of not less  
2152 than eighty-six per cent. If upgrades or repairs are possible in a  
2153 manner that will achieve an efficiency rating of seventy-five per cent or  
2154 more, units shall be upgraded or repaired rather than replaced.

2155 (b) On or before December 1, 2011, the Connecticut Housing Finance  
2156 Authority shall provide the Commissioner of Energy and  
2157 Environmental Protection a list of housing authorities in the state that  
2158 own dwelling units that are heated with a fuel oil furnace or boiler.

2159 (c) (1) On or before January 1, 2012, the Commissioner of Energy  
2160 and Environmental Protection, in conjunction with the Fuel Oil  
2161 Conservation Board, shall (A) develop a process for identifying and  
2162 notifying each nonprofit organization and housing authority that may  
2163 be eligible for the program, and (B) implement a method to process  
2164 applications for a replacement furnace or boiler or repairs or upgrades  
2165 to existing furnaces or boilers pursuant to this section. The board shall  
2166 begin to make preliminary determinations on the eligibility of any  
2167 applicants not later than January 1, 2012.

2168 (2) As a condition of eligibility for the program, each nonprofit  
2169 organization or housing authority applying for the program pursuant  
2170 to subdivision (1) of this subsection shall, at the time of submission of

2171 its application, verify that it (A) has applied for, and (B) agrees to  
2172 accept the services of any available conservation program  
2173 administered pursuant to sections 7-233y or 16-245m of the general  
2174 statutes.

2175 (3) The Fuel Oil Conservation Board shall act on completed  
2176 applications in the order received, except that the board may act  
2177 immediately in emergencies where the nonprofit organization has no  
2178 heat or has a furnace or boiler that is unsafe or inoperable, or the  
2179 housing authority owns a dwelling unit that has no heat or such  
2180 dwelling unit's furnace or boiler is unsafe or inoperable.

2181 (d) The Fuel Oil Conservation Board, in conjunction with the  
2182 Connecticut Energy Conservation Management Board, shall (1)  
2183 establish criteria for determining (A) the condition of a nonprofit  
2184 organization's oil furnace or boiler and fuel oil tank, or the condition of  
2185 an oil furnace or boiler and fuel oil tank in a dwelling unit owned by a  
2186 housing authority, and (B) whether such furnace, boiler or tank is  
2187 inoperable or unsafe, or whether such furnace or boiler has an  
2188 efficiency rating of less than sixty-five per cent, and (2) if the unsafe or  
2189 inoperability circumstances of an oil furnace or boiler involve oil tank  
2190 replacement, determine on the basis of a five-year payback whether it  
2191 would be more cost effective for such applicant to connect to a natural  
2192 gas pipeline, if available. If it is determined that it is not cost effective  
2193 for such applicant to connect to a natural gas pipeline, or if no pipeline  
2194 is available, the boards may elect to replace the applicant's oil tank.  
2195 When the boards elect to replace an oil furnace or boiler with a gas  
2196 furnace or boiler, such gas furnace shall have not less than a ninety-  
2197 five per cent annual fuel utilization efficiency and such gas boiler shall  
2198 have not less than a ninety per cent annual fuel utilization efficiency.

2199 (e) The Fuel Oil Conservation Board shall issue a request for  
2200 proposals for the anticipated furnaces, boilers and equipment needed  
2201 to meet the obligations of the program established under this section.

2202 Sec. 51. Section 49 of public act 11-80 is repealed and the following is

2203 substituted in lieu thereof (*Effective from passage*):

2204 (a) There is established a Fuel Oil Conservation Board consisting of  
2205 [thirteen] the following members; [, including:]

2206 (1) [One member representing dealers with retail oil heat sales in  
2207 excess of fifteen million gallons in the state, appointed by the president  
2208 pro tempore of the Senate] The Commissioner of Energy and  
2209 Environmental Protection, or his or her designee, who shall serve as  
2210 the chairperson of the board and who shall convene its meetings;

2211 (2) [One member representing] A representative of retail oil heat  
2212 dealers, [with retail oil heat sales of less than fifteen million gallons in  
2213 the state,] appointed by the [speaker of the House of Representatives]  
2214 president pro tempore of the Senate;

2215 (3) [One member representing] A representative of the heating,  
2216 ventilation and air-conditioning trades licensed under chapter 393 of  
2217 the general statutes, with experience in implementing energy  
2218 efficiency systems, appointed by the [majority leader of the Senate]  
2219 speaker of the House of Representatives;

2220 (4) [One member representing] A representative of wholesale  
2221 heating distributors operating within the state, appointed by the  
2222 majority leader of the [House of Representatives] Senate;

2223 (5) [One member representing a state-wide environmental advocacy  
2224 group] An in-state biodiesel distributor, appointed by the minority  
2225 leader of the Senate;

2226 (6) [The chairperson of the Heating, Piping, Cooling and Sheet  
2227 Metal Work Board established under chapter 393 of the general  
2228 statutes] A representative of a state-wide environmental advocacy  
2229 group, with expertise in energy efficiency measures, appointed by the  
2230 majority leader of the House of Representatives;

2231 (7) [One member from a state-wide retail oil dealer trade

2232 association] A retail oil heat dealer with experience in implementing  
2233 energy conservation services, appointed by the minority leader of the  
2234 House of Representatives; and

2235 (8) [Six] Five members of the public appointed by the Governor, one  
2236 of whom shall be a representative of an environmental organization  
2237 knowledgeable in energy efficiency programs, [one of whom shall be a  
2238 representative of an in-state biodiesel distributor,] one of whom shall  
2239 be a representative of a consumer advocacy organization, one of whom  
2240 shall be a representative of the business community, one of whom  
2241 shall be a representative of low-income ratepayers and one of whom  
2242 shall be a representative of state residents, in general. [, and all of  
2243 whom shall have expertise in energy issues; and]

2244 (9) All appointed members of the board shall serve in accordance  
2245 with section 4-1a of the general statutes.

2246 (b) The Fuel Oil Conservation Board, established pursuant to this  
2247 section, shall be a successor entity to the Fuel Oil Conservation Board,  
2248 established pursuant to section 16a-22l of the general statutes, revision  
2249 of 1958, revised to January 1, 2011. All appointments to the Fuel Oil  
2250 Conservation Board shall be made no later than thirty days after the  
2251 effective date of this section. Each appointing authority shall provide  
2252 the Commissioner of Energy and Environmental Protection with the  
2253 name and contact information for each appointed board member.

2254 [(b)] (c) The Fuel Oil Conservation Board shall be within the  
2255 Department of Energy and Environmental Protection for  
2256 administrative purposes only.

2257 (d) The Fuel Oil Conservation Board shall be responsible for the  
2258 administration of the energy efficiency oil furnace and boiler  
2259 replacement, upgrade and repair program established pursuant to  
2260 section 50 of this act.

2261 Sec. 52. (Effective from passage) (a) For the purposes described in

2262 subsection (b) of this section, the State Bond Commission shall have  
2263 the power, from time to time to authorize the issuance of bonds of the  
2264 state in one or more series and in principal amounts not exceeding in  
2265 the aggregate one hundred twenty-five million dollars, provided  
2266 twenty-five million dollars of said authorization shall be effective July  
2267 1, 2012, twenty-five million dollars of said authorization shall be  
2268 effective July 1, 2013, twenty-five million dollars of said authorization  
2269 shall be effective July 1, 2014, and twenty-five million dollars of said  
2270 authorization shall be effective July 1, 2015.

2271 (b) The proceeds of the sale of said bonds, to the extent of the  
2272 amount stated in subsection (a) of this section, shall be used by  
2273 Connecticut Innovations, Incorporated for the purpose of  
2274 recapitalizing the programs established in chapter 581 of the general  
2275 statutes, provided up to fifteen million dollars shall be made available  
2276 for the preseed financing program established pursuant to section 32-  
2277 41x of the general statutes.

2278 (c) All provisions of section 3-20 of the general statutes, or the  
2279 exercise of any right or power granted thereby, which are not  
2280 inconsistent with the provisions of this section are hereby adopted and  
2281 shall apply to all bonds authorized by the State Bond Commission  
2282 pursuant to this section, and temporary notes in anticipation of the  
2283 money to be derived from the sale of any such bonds so authorized  
2284 may be issued in accordance with said section 3-20 and from time to  
2285 time renewed. Such bonds shall mature at such time or times not  
2286 exceeding twenty years from their respective dates as may be provided  
2287 in or pursuant to the resolution or resolutions of the State Bond  
2288 Commission authorizing such bonds. None of said bonds shall be  
2289 authorized except upon a finding by the State Bond Commission that  
2290 there has been filed with it a request for such authorization which is  
2291 signed by or on behalf of the Secretary of the Office of Policy and  
2292 Management and states such terms and conditions as said commission,  
2293 in its discretion, may require. Said bonds issued pursuant to this  
2294 section shall be general obligations of the state and the full faith and

2295 credit of the state of Connecticut are pledged for the payment of the  
2296 principal of and interest on said bonds as the same become due, and  
2297 accordingly and as part of the contract of the state with the holders of  
2298 said bonds, appropriation of all amounts necessary for punctual  
2299 payment of such principal and interest is hereby made, and the State  
2300 Treasurer shall pay such principal and interest as the same become  
2301 due.

2302 Sec. 53. Subsection (a) of section 12-217jj of the general statutes is  
2303 repealed and the following is substituted in lieu thereof (*Effective from*  
2304 *passage*):

2305 (a) As used in this section:

2306 (1) "Commissioner" means the Commissioner of Revenue Services.

2307 (2) "Department" means the Department of Economic and  
2308 Community Development.

2309 (3) (A) "Qualified production" means entertainment content created  
2310 in whole or in part within the state, including motion pictures;  
2311 documentaries; long-form, specials, mini-series, series, sound  
2312 recordings, videos and music videos and interstitials television  
2313 programming; interactive television; relocated television production;  
2314 interactive games; videogames; commercials; any format of digital  
2315 media, including an interactive web site, created for distribution or  
2316 exhibition to the general public; and any trailer, pilot, video teaser or  
2317 demo created primarily to stimulate the sale, marketing, promotion or  
2318 exploitation of future investment in either a product or a qualified  
2319 production via any means and media in any digital media format, film  
2320 or videotape, provided such program meets all the underlying criteria  
2321 of a qualified production.

2322 (B) "Qualified production" shall not include any ongoing television  
2323 program created primarily as news, weather or financial market  
2324 reports; [ ] a production featuring current events, other than a

2325 relocated television production, sporting events, an awards show or  
2326 other gala event; [ ] a production whose sole purpose is fundraising; [ ]  
2327 a long-form production that primarily markets a product or service; [ ]  
2328 a production used for corporate training or in-house corporate  
2329 advertising or other similar productions; [ ] or any production for  
2330 which records are required to be maintained under 18 USC 2257 with  
2331 respect to sexually explicit content.

2332 (4) "Eligible production company" means a corporation, partnership,  
2333 limited liability company, or other business entity engaged in the  
2334 business of producing qualified productions on a one-time or ongoing  
2335 basis, and qualified by the Secretary of the State to engage in business  
2336 in the state.

2337 (5) "Production expenses or costs" means all expenditures clearly  
2338 and demonstrably incurred in the state in the preproduction,  
2339 production or postproduction costs of a qualified production,  
2340 including:

2341 (A) Expenditures incurred in the state in the form of either  
2342 compensation or purchases including production work, production  
2343 equipment not eligible for the infrastructure tax credit provided in  
2344 section 12-217kk, as amended by this act, production software,  
2345 postproduction work, postproduction equipment, postproduction  
2346 software, set design, set construction, props, lighting, wardrobe,  
2347 makeup, makeup accessories, special effects, visual effects, audio  
2348 effects, film processing, music, sound mixing, editing, location fees,  
2349 soundstages and any and all other costs or services directly incurred in  
2350 connection with a state-certified qualified production;

2351 (B) Expenditures for distribution, including preproduction,  
2352 production or postproduction costs relating to the creation of trailers,  
2353 marketing videos, commercials, point-of-purchase videos and any and  
2354 all content created on film or digital media, including the duplication  
2355 of films, videos, CDs, DVDs and any and all digital files now in  
2356 existence and those yet to be created for mass consumer consumption;

2357 the purchase, by a company in the state, of any and all equipment  
2358 relating to the duplication or mass market distribution of any content  
2359 created or produced in the state by any digital media format which is  
2360 now in use and those formats yet to be created for mass consumer  
2361 consumption; and

2362 (C) "Production expenses or costs" does not include the following:  
2363 (i) On and after January 1, 2008, compensation in excess of fifteen  
2364 million dollars paid to any individual or entity representing an  
2365 individual, for services provided in the production of a qualified  
2366 production and on or after January 1, 2010, compensation subject to  
2367 Connecticut personal income tax in excess of twenty million dollars  
2368 paid in the aggregate to any individuals or entities representing  
2369 individuals, for star talent provided in the production of a qualified  
2370 production; (ii) media buys, promotional events or gifts or public  
2371 relations associated with the promotion or marketing of any qualified  
2372 production; (iii) deferred, leveraged or profit participation costs  
2373 relating to any and all personnel associated with any and all aspects of  
2374 the production, including, but not limited to, producer fees, director  
2375 fees, talent fees and writer fees; (iv) costs relating to the transfer of the  
2376 production tax credits; (v) any amounts paid to persons or businesses  
2377 as a result of their participation in profits from the exploitation of the  
2378 qualified production; and (vi) any expenses or costs relating to an  
2379 independent certification, as required by subsection (g) of this section,  
2380 or as the department may otherwise require, pertaining to the amount  
2381 of production expenses or costs set forth by an eligible production  
2382 company in its application for a production tax credit.

2383 (6) "Sound recording" means a recording of music, poetry or  
2384 spoken-word performance, but does not include the audio portions of  
2385 dialogue or words spoken and recorded as part of a motion picture,  
2386 video, theatrical production, television news coverage or athletic event.

2387 (7) "State-certified qualified production" means a qualified  
2388 production produced by an eligible production company that (A) is in

2389 compliance with regulations adopted pursuant to subsection (k) of this  
2390 section, (B) is authorized to conduct business in this state, and (C) has  
2391 been approved by the department as qualifying for a production tax  
2392 credit under this section.

2393 (8) "Interactive web site" means a web site, the production costs of  
2394 which (A) exceed five hundred thousand dollars per income year, and  
2395 (B) is primarily (i) interactive games or end user applications, or (ii)  
2396 animation, simulation, sound, graphics, story lines or video created or  
2397 repurposed for distribution over the Internet. An interactive web site  
2398 does not include a web site primarily used for institutional, private,  
2399 industrial, retail or wholesale marketing or promotional purposes, or  
2400 which contains obscene content.

2401 (9) "Post-certification remedy" means the recapture, disallowance,  
2402 recovery, reduction, repayment, forfeiture, decertification or any other  
2403 remedy that would have the effect of reducing or otherwise limiting  
2404 the use of a tax credit provided by this section.

2405 (10) "Compensation" means base salary or wages and does not  
2406 include bonus pay, stock options, restricted stock units or similar  
2407 arrangements.

2408 (11) "Relocated television production" means:

2409 (A) An ongoing television program all of the prior seasons of which  
2410 were filmed outside this state, and may include current events shows,  
2411 except those referenced in subparagraph (B)(i) of this subdivision.

2412 (B) An eligible production company's television programming in  
2413 this state that (i) is not a general news program, sporting event or  
2414 game broadcast, and (ii) is created at a qualified production facility  
2415 that has had a minimum investment of twenty-five million dollars  
2416 made by such eligible production company on or after January 1, 2012,  
2417 at which facility the eligible production company creates ongoing  
2418 television programming as defined in subparagraph (A) of this

2419 subdivision, and creates at least two hundred new jobs in Connecticut  
2420 on or after January 1, 2012. For purposes of this subdivision, "new job"  
2421 means a full-time job, as defined in section 12-217ii, as amended by  
2422 this act, that did not exist in this state prior to January 1, 2012, and is  
2423 filled by a new employee, and "new employee" includes a person who  
2424 was employed outside this state by the eligible production company  
2425 prior to January 1, 2012, but does not include a person who was  
2426 employed in this state by the eligible production company or a related  
2427 person, as defined in section 12-217ii, as amended by this act, with  
2428 respect to the eligible production company during the prior twelve  
2429 months.

2430 (C) A relocated television production may be a state-certified  
2431 qualified production for not more than ten successive income years,  
2432 after which period the eligible production company shall be ineligible  
2433 to resubmit an application for certification.

2434 Sec. 54. Subdivision (2) of subsection (a) of section 12-211a of the  
2435 general statutes, as amended by section 75 of public act 11-6 and  
2436 section 48 of public act 11-61, is repealed and the following is  
2437 substituted in lieu thereof (*Effective from passage*):

2438 (2) For purposes of this subsection, "type one tax credits" mean tax  
2439 credits allowable under [section 12-217ll] section 12-217jj, 12-217kk or  
2440 12-217ll, as amended by this act; "type two tax credits" mean tax credits  
2441 allowable under section 38a-88a; "type three tax credits" mean tax  
2442 credits that are not type one tax credits or type two tax credits"; "thirty  
2443 per cent threshold" means thirty per cent of the amount of tax due  
2444 from a taxpayer under this chapter prior to the application of tax  
2445 credits; "fifty-five per cent threshold" means fifty-five per cent of the  
2446 amount of tax due from a taxpayer under this chapter prior to the  
2447 application of tax credits; and "seventy per cent threshold" means  
2448 seventy per cent of the amount of tax due from a taxpayer under this  
2449 chapter prior to the application of tax credits.

2450 Sec. 55. Subdivision (4) of subsection (b) of section 12-217kk of the

2451 general statutes is repealed and the following is substituted in lieu  
2452 thereof (*Effective from passage*):

2453 (4) [Any] All or part of any credit allowed pursuant to this section  
2454 shall be claimed against the tax imposed under chapter 207 or this  
2455 chapter for the income year in which expenditures were made for the  
2456 infrastructure project, or in [. If the amount of the credit allowable  
2457 under this section exceeds the sum of any taxes due from a taxpayer,  
2458 any such excess amount of the credit allowable under this section may  
2459 be taken in any of] the three immediately succeeding income years.

2460 Sec. 56. Section 38a-91aa of the general statutes is repealed and the  
2461 following is substituted in lieu thereof (*Effective July 1, 2012*):

2462 As used in sections 38a-91aa to 38a-91qq, inclusive, as amended by  
2463 this act, and sections 70 to 72, inclusive, of this act:

2464 (1) "Affiliated company" means any company in the same corporate  
2465 system as a parent, an industrial insured or a member organization by  
2466 virtue of common ownership, control, operation or management.

2467 (2) "Alien captive insurance company" means any insurance  
2468 company formed to write insurance business for its parent and  
2469 affiliated companies and licensed pursuant to the laws of an alien  
2470 jurisdiction that imposes statutory or regulatory standards on  
2471 companies transacting the business of insurance in such jurisdiction  
2472 that the commissioner deems to be acceptable.

2473 [(2)] (3) "Association" means any legal association of individuals,  
2474 corporations, limited liability companies, partnerships, associations or  
2475 other entities that has been in continuous existence for at least one  
2476 year, where the association itself or some or all of the member  
2477 organizations:

2478 (A) [Own] Directly or indirectly own, control or hold with power to  
2479 vote all of the outstanding voting securities or other voting interests of  
2480 an association captive insurance company incorporated as a stock

2481 insurer;

2482 (B) Have complete voting control over an association captive  
2483 insurance company incorporated as a mutual [insurer] corporation or  
2484 formed as a limited liability company; or

2485 (C) Constitute all of the subscribers of an association captive  
2486 insurance company formed as a reciprocal insurer.

2487 [(3)] (4) "Association captive insurance company" means any  
2488 company that insures risks of the member organizations of [the] an  
2489 association, and [their] includes a company that also insures risks of  
2490 such member organizations' affiliated companies or of the association.

2491 (5) "Branch business" means any insurance business transacted in  
2492 this state by a branch captive insurance company.

2493 (6) "Branch captive insurance company" means any alien captive  
2494 insurance company licensed by the commissioner to transact the  
2495 business of insurance in this state through a business unit with a  
2496 principal place of business in this state.

2497 (7) "Branch operations" means any business operations in this state  
2498 of a branch captive insurance company.

2499 [(4)] (8) "Captive insurance company" means any (A) pure captive  
2500 insurance company, association captive insurance company, industrial  
2501 insured captive insurance company, [or] risk retention group,  
2502 sponsored captive insurance company or special purpose financial  
2503 captive insurance company that is domiciled in this state and formed  
2504 or licensed under the provisions of sections 38a-91aa to 38a-91qq,  
2505 inclusive, as amended by this act, and sections 70 to 72, inclusive, of  
2506 this act, or (B) branch captive insurance company.

2507 (9) "Ceding insurer" means an insurance company, approved by the  
2508 commissioner and licensed or otherwise authorized to transact the  
2509 business of insurance or reinsurance in its state or country of domicile,

2510 that cedes risk to a special purpose financial captive insurance  
2511 company pursuant to a reinsurance contract.

2512 [(5)] (10) "Commissioner" means the Insurance Commissioner.

2513 [(6)] (11) "Controlled unaffiliated business" means any [company]  
2514 person:

2515 (A) [That] Who, (i) in the case of a pure captive insurance company,  
2516 is not in the corporate system of a parent and the parent's affiliated  
2517 companies, or (ii) in the case of an industrial insured captive insurance  
2518 company, is not in the corporate system of an industrial insured and  
2519 the industrial insured's affiliated companies;

2520 (B) [That] Who, (i) in the case of a pure captive insurance company,  
2521 has an existing contractual relationship with a parent or one of the  
2522 parent's affiliated [company] companies, or (ii) in the case of an  
2523 industrial insured captive insurance company, has an existing  
2524 contractual relationship with an industrial insured or one of the  
2525 industrial insured's affiliated companies; and

2526 (C) Whose risks are [insured] managed by a pure captive insurance  
2527 company or an industrial insured captive insurance company, as  
2528 applicable, in accordance with section 38a-91qq, as amended by this  
2529 act.

2530 [(7)] (12) "Excess workers' compensation insurance" means, in the  
2531 case of an employer that has insured or self-insured its workers'  
2532 compensation risks in accordance with applicable state or federal law,  
2533 insurance in excess of a specified per-incident or aggregate limit  
2534 established by the commissioner.

2535 (13) "Incorporated protected cell" means a protected cell that is  
2536 established as a corporation or a limited liability company, separate  
2537 from the sponsored captive insurance company with which it has  
2538 entered into a participant contract.

2539 [(8)] (14) "Industrial insured" means an insured:

2540 (A) Who procures the insurance of any risk or risks by use of the  
2541 services of a full-time employee acting as an insurance manager or  
2542 buyer;

2543 (B) Whose aggregate annual premiums for insurance on all risks  
2544 total at least twenty-five thousand dollars; and

2545 (C) Who has at least twenty-five full-time employees.

2546 [(9)] (15) "Industrial insured captive insurance company" means any  
2547 company that insures risks of the industrial insureds that comprise  
2548 [the] an industrial insured group, and [their] includes a company that  
2549 also insures risks of such industrial insureds' affiliated companies.

2550 [(10)] (16) "Industrial insured group" means any group of industrial  
2551 insureds that collectively:

2552 (A) [Own] Directly or indirectly own, control or hold with power to  
2553 vote all of the outstanding voting securities or other voting interests of  
2554 an industrial insured captive insurance company incorporated as a  
2555 stock insurer;

2556 (B) Have complete voting control over an industrial insured captive  
2557 insurance company incorporated as a mutual [insurer] corporation or  
2558 formed as a limited liability company; or

2559 (C) Constitute all of the subscribers of an industrial insured captive  
2560 insurance company formed as a reciprocal insurer.

2561 (17) "Insurance securitization" or "securitization" means a  
2562 transaction or a group of related transactions, which may include  
2563 capital market offerings, that are effected through related risk transfer  
2564 instruments and facilitating administrative agreements, in which all or  
2565 part of the result of such transaction is used to fund a special purpose  
2566 financial captive insurance company's obligations under a reinsurance

2567 contract with a ceding insurer and by which:

2568 (A) A special purpose financial captive insurance company directly  
2569 or indirectly obtains proceeds through the issuance of securities by  
2570 such company or any other person; or

2571 (B) A person provides, for the benefit of a special purpose financial  
2572 captive insurance company, one or more letters of credit or other assets  
2573 that the commissioner has authorized such company to treat as  
2574 admitted assets for purposes of its annual report. "Insurance  
2575 securitization" or "securitization" does not include the issuance of a  
2576 letter of credit for the benefit of the commissioner to satisfy all or part  
2577 of a special purpose financial captive insurance company's capital and  
2578 surplus requirements under section 38a-91dd, as amended by this act.

2579 ~~[(11)]~~ (18) "Member organization" means any individual,  
2580 corporation, limited liability company, partnership, association or  
2581 other entity that belongs to an association.

2582 ~~[(12)]~~ (19) "Mutual corporation" means a corporation organized  
2583 without stockholders and includes a nonprofit corporation with  
2584 members.

2585 ~~[(13)]~~ (20) "Parent" means [a] any individual, corporation, limited  
2586 liability company, partnership [,] or other entity [or individual] that  
2587 directly or indirectly owns, controls or holds with power to vote more  
2588 than fifty per cent of the outstanding voting:

2589 (A) Securities of a pure captive insurance company organized as a  
2590 stock [corporation] insurer; or

2591 (B) Membership interests of a pure captive insurance company  
2592 organized as a nonprofit corporation or as a limited liability company.

2593 (21) "Participant" means any association, corporation, limited  
2594 liability company, partnership, trust or other entity, and any affiliated  
2595 company thereof, that is insured by a sponsored captive insurance

2596 company pursuant to a participant contract.

2597 (22) "Participant contract" means a contract entered into by a  
2598 sponsored captive insurance company and a participant by which the  
2599 sponsored captive insurance company insures the risks of the  
2600 participant and limits the losses of each such participant to its pro rata  
2601 share of the assets of one or more protected cells identified in such  
2602 participant contract.

2603 (23) "Protected cell" means a separate account established by a  
2604 sponsored captive insurance company, in which assets are maintained  
2605 for one or more participants in accordance with the terms of one or  
2606 more participant contracts to fund the liability of the sponsored  
2607 captive insurance company assumed on behalf of such participants as  
2608 set forth in such participant contracts.

2609 [(14)] (24) "Pure captive insurance company" means any company  
2610 that insures risks of its parent and affiliated companies or controlled  
2611 unaffiliated business.

2612 (25) "Reinsurance contract" means a contract entered into by a  
2613 special purpose financial captive insurance company and a ceding  
2614 insurer by which the special purpose financial captive insurance  
2615 company agrees to provide reinsurance to the ceding insurer for risks  
2616 associated with the ceding insurer's insurance or reinsurance business.

2617 [(15)] (26) "Risk retention group" means a captive insurance  
2618 company organized under the laws of this state pursuant to the federal  
2619 Liability Risk Retention Act of 1986, 15 USC 3901 et seq., as amended  
2620 from time to time, as a stock insurer or mutual corporation, a  
2621 reciprocal or other limited liability entity.

2622 (27) "Security" has the same meaning as provided in section 36b-3  
2623 and includes any form of debt obligation, equity, surplus certificate,  
2624 surplus note, funding agreement, derivative or other financial  
2625 instrument that the commissioner designates as a security for purposes

2626 of sections 38a-91aa to 38a-91qq, inclusive, as amended by this act, and  
2627 sections 70 to 72, inclusive, of this act.

2628 (28) "Special purpose financial captive insurance company" means a  
2629 company that is licensed by the commissioner in accordance with  
2630 section 38a-91bb, as amended by this act.

2631 (29) "Special purpose financial captive insurance company security"  
2632 means a security issued by (A) a special purpose financial captive  
2633 insurance company, or (B) a third party, the proceeds of which are  
2634 obtained directly or indirectly by a special purpose financial captive  
2635 insurance company.

2636 (30) "Sponsor" means any association, corporation, limited liability  
2637 company, partnership, trust or other entity that is approved by the  
2638 commissioner to organize and operate a sponsored captive insurance  
2639 company and to provide all or part of the required unimpaired paid-in  
2640 capital and surplus.

2641 (31) "Sponsored captive insurance company" means a captive  
2642 insurance company:

2643 (A) In which the minimum required unimpaired paid-in capital and  
2644 surplus are provided by one or more sponsors;

2645 (B) That insures risks of its participants only through separate  
2646 participant contracts; and

2647 (C) That funds its liability to each participant through one or more  
2648 protected cells and segregates the assets of each protected cell from the  
2649 assets of other protected cells and from the assets of the sponsored  
2650 captive insurance company's general account.

2651 (32) "Surplus note" means an unsecured subordinated debt  
2652 obligation possessing characteristics consistent with the National  
2653 Association of Insurance Commissioners Statement of Statutory  
2654 Accounting Principles No. 41, as amended from time to time, and as

2655 modified or supplemented by the commissioner.

2656 Sec. 57. Section 38a-91bb of the general statutes is repealed and the  
2657 following is substituted in lieu thereof (*Effective July 1, 2012*):

2658 (a) Any captive insurance company, when permitted by its articles  
2659 of association, charter or other organizational document, may apply to  
2660 the Insurance Commissioner for a license to do the business of  
2661 insurance against any kind of loss, damage or liability properly a  
2662 subject of insurance, if such insurance is not prohibited by law or is not  
2663 disapproved by the commissioner as being contrary to public policy,  
2664 including life insurance, annuities, health insurance, as defined in  
2665 section 38a-469, and commercial risk insurance, as defined in section  
2666 38a-663, provided:

2667 (1) No pure captive insurance company may insure any risks other  
2668 than those of its parent and affiliated companies or controlled  
2669 unaffiliated business;

2670 (2) No association captive insurance company may insure any risks  
2671 other than those of its association, the member organizations of its  
2672 association, and [their] the member organizations' affiliated  
2673 companies;

2674 (3) No industrial insured captive insurance company may insure  
2675 any risks other than those of (A) the industrial insureds that comprise  
2676 the industrial insured group, [and their] (B) the industrial insureds'  
2677 affiliated companies, or (C) the industrial insureds' controlled  
2678 unaffiliated businesses;

2679 (4) No risk retention group may insure any risks other than those of  
2680 its members and owners;

2681 (5) No captive insurance company may provide private passenger  
2682 motor vehicle or homeowner's insurance coverage or any component  
2683 thereof;

2684 (6) No captive insurance company may accept or cede reinsurance  
2685 except as provided in section 38a-91kk, as amended by this act;

2686 (7) Any captive insurance company may provide excess workers'  
2687 compensation insurance to its parent and affiliated companies, unless  
2688 prohibited by the laws of the state having jurisdiction over the  
2689 transaction or by federal law. Any captive insurance company may  
2690 reinsure a workers' compensation qualified self-insured plan of its  
2691 parent and affiliated companies, unless prohibited by federal law;

2692 [(7)] (8) Any captive insurance company that provides life  
2693 insurance, annuities or health insurance shall comply with all  
2694 applicable state and federal laws.

2695 (b) No captive insurance company shall do any insurance business  
2696 in this state unless:

2697 (1) It first obtains from the Insurance Commissioner a license  
2698 authorizing it to do insurance business in this state;

2699 (2) Its board of directors or committee of managers or, in the case of  
2700 a reciprocal insurer, its subscribers' advisory committee holds at least  
2701 one meeting each year in this state;

2702 (3) It maintains its principal place of business in this state; and

2703 (4) It appoints a registered agent to accept service of process and to  
2704 otherwise act on its behalf in this state. Whenever such registered  
2705 agent cannot with reasonable diligence be found at the registered  
2706 office of the captive insurance company, the Insurance Commissioner  
2707 shall be an agent of such captive insurance company upon whom any  
2708 process, notice or demand may be served.

2709 (c) (1) To be considered for a license, a captive insurance company  
2710 shall:

2711 (A) File with the commissioner a certified copy of its organizational

2712 documents, a statement under oath of its president and secretary  
2713 showing its financial condition, and any other statements or  
2714 documents required by the commissioner; and

2715 (B) Submit to the commissioner for approval a description of the  
2716 coverages, deductibles, coverage limits and rates and such additional  
2717 information as the commissioner may require. In the event of any  
2718 subsequent material change in any item in such description, the  
2719 captive insurance company shall submit to the commissioner for  
2720 approval an appropriate revision and shall not offer any additional  
2721 kinds of insurance until a revision of such description is approved by  
2722 the commissioner. The captive insurance company shall inform the  
2723 commissioner of any material change in rates not later than thirty days  
2724 after the adoption of such change.

2725 (2) Each applicant captive insurance company shall also file with the  
2726 commissioner evidence of the following:

2727 (A) The amount and liquidity of the company's assets relative to the  
2728 risks to be assumed;

2729 (B) The adequacy of the expertise, experience and character of the  
2730 persons who will manage the company;

2731 (C) The overall soundness of the company's plan of operation;

2732 (D) The adequacy of the loss prevention programs of the company's  
2733 insureds; and

2734 (E) Such other factors deemed relevant by the commissioner in  
2735 ascertaining whether the proposed captive insurance company will be  
2736 able to meet its policy obligations.

2737 (3) Each applicant sponsored captive insurance company shall also  
2738 file with the commissioner:

2739 (A) Materials demonstrating how the applicant will account for the

2740 loss and expense experience of each protected cell at a level of detail  
2741 deemed sufficient by the commissioner, and how it will report such  
2742 experience to the commissioner;

2743 (B) A statement acknowledging that all financial records of the  
2744 sponsored captive insurance company, including records pertaining to  
2745 any protected cells, shall be made available for examination or  
2746 inspection or by the commissioner or the commissioner's designee;

2747 (C) All contracts or sample contracts between the sponsored captive  
2748 insurance company and any participants; and

2749 (D) Evidence that expenses shall be allocated to each protected cell  
2750 in a fair and equitable manner.

2751 (4) Each applicant special purpose financial captive insurance  
2752 company shall also:

2753 (A) Include with its plan of operation:

2754 (i) A complete description of all significant transactions, including  
2755 reinsurance, reinsurance security arrangements, securitizations, related  
2756 transactions or arrangements, and to the extent not included in the  
2757 transactions listed in this clause, a complete description of all parties  
2758 other than the special purpose financial captive insurance company  
2759 and the ceding insurer that will be involved in the issuance of special  
2760 purpose financial captive insurance company securities and a  
2761 description of any pledge, hypothecation or grant of a security interest  
2762 in any of the special purpose financial captive insurance company's  
2763 assets and in any stock or limited liability company interest in the  
2764 special purpose financial captive insurance company;

2765 (ii) The source and form of the special purpose financial captive  
2766 insurance company's capital and surplus;

2767 (iii) The proposed investment policy of the special purpose financial  
2768 captive insurance company;

2769 (iv) A description of the underwriting, reporting and claims  
2770 payment methods by which losses covered by the reinsurance contract  
2771 will be reported, accounted for and settled;

2772 (v) Pro forma balance sheets and income statements illustrating one  
2773 or more adverse case scenarios, as determined under criteria required  
2774 by the commissioner, for the performance of the special purpose  
2775 financial captive insurance company under all reinsurance contracts;  
2776 and

2777 (vi) The proposed rate and method for discounting reserves, if the  
2778 special purpose financial captive insurance company is requesting  
2779 authority to discount its reserves;

2780 (B) Submit an affidavit of its president, a vice president, its treasurer  
2781 or its chief financial officer that includes the following statements, that  
2782 to the best of such person's knowledge and belief after reasonable  
2783 inquiry:

2784 (i) The proposed organization and operation of the special purpose  
2785 financial captive insurance company comply with all applicable  
2786 provisions of sections 38a-91aa to 38a-91qq, inclusive, as amended by  
2787 this act, sections 70 to 72, inclusive, of this act and chapter 698;

2788 (ii) The special purpose financial captive insurance company's  
2789 investment policy reflects and takes into account the liquidity of assets  
2790 and the reasonable preservation, administration and management of  
2791 such assets with respect to the risks associated with the reinsurance  
2792 contract and the insurance securitization transaction. With respect to a  
2793 special purpose financial captive insurance company, "management"  
2794 means the board of directors, managing board or other individual or  
2795 individuals vested with overall responsibility for the management of  
2796 the affairs of such company, including, but not limited to, officers or  
2797 other agents elected or appointed to act on behalf of such company;  
2798 and

2799 (iii) The reinsurance contract and any arrangement for securing the  
2800 special purpose financial captive insurance company's obligations  
2801 under such reinsurance contract, including, but not limited to, any  
2802 agreements or other documentation to implement such arrangement,  
2803 comply with the provisions of sections 38a-91aa to 38a-91qq, inclusive,  
2804 as amended by this act, sections 70 to 72, inclusive, of this act, and  
2805 chapter 698;

2806 (C) Include with its application:

2807 (i) Copies of all agreements and documentation described in  
2808 subparagraph (A) of this subdivision unless otherwise approved by  
2809 the commissioner, and any other statements or documents required by  
2810 the commissioner to evaluate the special purpose financial captive  
2811 insurance company's application for licensure; and

2812 (ii) An opinion of qualified legal counsel, in a form acceptable to the  
2813 commissioner, that the offer and sale of any special purpose financial  
2814 captive insurance company securities complies with all applicable  
2815 registration requirements or applicable exemptions from or exceptions  
2816 to such requirements of the federal securities laws and that the offer  
2817 and sale of securities by the special purpose financial captive insurance  
2818 company itself comply with all registration requirements or applicable  
2819 exemptions from or exceptions to such requirements of the securities  
2820 laws of this state. Such opinion shall not be required as part of the  
2821 application if the special purpose financial captive insurance company  
2822 includes a specific statement in its plan of operation that such opinions  
2823 will be provided to the commissioner in advance of the offer or sale of  
2824 any special purpose financial captive insurance company securities.

2825 (5) A sponsored captive insurance company may apply to be  
2826 licensed as a special purpose financial captive insurance company.  
2827 Such company shall be subject to the provisions of sections 38a-91aa to  
2828 38a-91qq, inclusive, as amended by this act, and sections 70 to 72,  
2829 inclusive, of this act applicable to a sponsored captive insurance  
2830 company and to a special purpose financial captive insurance

2831 company. In the event of conflict between such provisions applicable  
2832 to a sponsored captive insurance company and to a special purpose  
2833 financial captive insurance company, the provisions applicable to a  
2834 special purpose financial captive insurance company shall control.

2835 [(3)] (6) Information submitted pursuant to this subsection shall be  
2836 and shall remain confidential and shall not be made public by the  
2837 commissioner or an employee or agent of the commissioner without  
2838 the written consent of the company, except that:

2839 (A) Such information may be discoverable by a party in a civil  
2840 action or contested case to which the captive insurance company that  
2841 submitted such information is a party upon a showing by the party  
2842 seeking to discover such information that:

2843 (i) The information sought is relevant to and necessary for the  
2844 furtherance of such action or case;

2845 (ii) The information sought is unavailable from other  
2846 nonconfidential sources; and

2847 (iii) A subpoena issued by a judicial or administrative officer of  
2848 competent jurisdiction has been submitted to the commissioner,  
2849 provided such submission requirement shall not apply to a risk  
2850 retention group; and

2851 (B) The commissioner may, in the commissioner's discretion,  
2852 disclose such information to a public official having jurisdiction over  
2853 the regulation of insurance in another state, provided:

2854 (i) Such public official agrees, in writing, to maintain the  
2855 confidentiality of such information; and

2856 (ii) The laws of the state in which such public official serves require  
2857 such information to be and to remain confidential.

2858 (d) (1) Each captive insurance company shall pay to the

2859 commissioner a nonrefundable fee of eight hundred dollars for  
2860 examining, investigating and processing its application for a license. [,  
2861 and the] The commissioner may retain legal, financial and examination  
2862 services from outside the department for the licensing and financial  
2863 oversight of a captive insurance company, the reasonable cost of which  
2864 may be charged against [the applicant] such company. The provisions  
2865 of subdivisions (2) to (5), inclusive, of subsection (k) of section 38a-14  
2866 shall apply to [examinations, investigations and processing conducted  
2867 under] this [section] subdivision.

2868 (2) Each captive insurance company shall pay a license fee for the  
2869 first year of licensure and a renewal fee for each year thereafter as set  
2870 forth in section 38a-11.

2871 (e) (1) If the commissioner finds that the documents and statements  
2872 that a captive insurance company, other than a special purpose  
2873 financial captive insurance company, has filed comply with the  
2874 provisions of sections 38a-91aa to 38a-91qq, inclusive, as amended by  
2875 this act, and sections 70 to 72, inclusive, of this act, the commissioner  
2876 may grant a license authorizing the company to do insurance business  
2877 in this state until April first thereafter. The captive insurance company  
2878 may apply to renew such license on such forms as the commissioner  
2879 prescribes.

2880 (2) (A) The commissioner may grant a license authorizing a special  
2881 purpose financial captive insurance company to do reinsurance  
2882 business in this state until April first thereafter upon the  
2883 commissioner's finding that (i) the proposed plan of operation  
2884 provides for a reasonable and expected successful operation, (ii) the  
2885 terms of the reinsurance contract and related transactions comply with  
2886 sections 38a-91aa to 38a-91qq, inclusive, as amended by this act, and  
2887 sections 70 to 72, inclusive, of this act, (iii) the proposed plan of  
2888 operation is not hazardous to any ceding insurer, and (iv) the  
2889 insurance regulator of the state of domicile of each ceding insurer has  
2890 notified the commissioner in writing or has otherwise provided

2891 assurance satisfactory to the commissioner that such regulator has  
2892 approved or has not disapproved the transaction, provided the  
2893 commissioner shall not be precluded from issuing a license to a special  
2894 purpose financial captive insurance company if such regulator has not  
2895 responded with respect to all or any part of the transaction.

2896 (B) In conjunction with granting such license, the commissioner may  
2897 issue an order to the special purpose financial captive insurance  
2898 company of any additional provisions, terms or conditions regarding  
2899 the organization, licensing or operation of such company that are not  
2900 inconsistent with the provisions of this chapter and are deemed  
2901 appropriate by the commissioner.

2902 (3) The commissioner shall not grant a license to a branch captive  
2903 insurance company unless the alien captive insurance company grants  
2904 the commissioner authority to examine the alien captive insurance  
2905 company in the jurisdiction in which the alien captive insurance  
2906 company is formed.

2907 Sec. 58. Section 38a-91dd of the general statutes is repealed and the  
2908 following is substituted in lieu thereof (*Effective July 1, 2012*):

2909 (a) (1) The Insurance Commissioner shall not issue a license to a  
2910 captive insurance company or allow the company to retain such  
2911 license unless the company has and maintains unimpaired paid-in  
2912 capital and surplus of:

2913 [(1)] (A) In the case of a pure captive insurance company, not less  
2914 than two hundred fifty thousand dollars;

2915 [(2)] (B) In the case of an association captive insurance company, not  
2916 less than [seven hundred fifty] five hundred thousand dollars;

2917 [(3)] (C) In the case of an industrial insured captive insurance  
2918 company, not less than five hundred thousand dollars; [and]

2919 [(4)] (D) In the case of a risk retention group, not less than one

2920 million dollars;

2921 (E) In the case of a sponsored captive insurance company, not less  
2922 than five hundred thousand dollars;

2923 (F) In the case of a special purpose financial captive insurance  
2924 company, not less than two hundred fifty thousand dollars; and

2925 (G) In the case of a sponsored captive insurance company licensed  
2926 as a special purpose financial captive insurance company, not less than  
2927 five hundred thousand dollars.

2928 (2) (A) The Insurance Commissioner shall not issue a license to a  
2929 branch captive insurance company or allow the company to retain  
2930 such license unless the company has and maintains, as security for the  
2931 payment of liabilities attributable to the branch operations:

2932 (i) Not less than two hundred fifty thousand dollars; and

2933 (ii) Reserves on such insurance policies or such reinsurance  
2934 contracts as may be issued or assumed by the branch captive insurance  
2935 company through its branch operations, including reserves for losses,  
2936 allocated loss adjustment expenses, incurred but not reported losses  
2937 and unearned premiums with regard to business written through the  
2938 branch operations. The commissioner may permit a branch captive  
2939 insurance company to credit against any such reserves any security for  
2940 loss reserves that the branch captive insurance company posts with a  
2941 ceding insurer or is posted by a reinsurer with the branch captive  
2942 insurance company, so long as such security remains posted.

2943 (B) The amounts required under subparagraph (A) of this  
2944 subdivision may be held, with the prior approval of the commissioner,  
2945 in the form of (i) a trust formed under a trust agreement and funded  
2946 by assets acceptable to the commissioner, (ii) an irrevocable letter of  
2947 credit issued or confirmed by a bank approved by the commissioner,  
2948 (iii) with respect to the amount required under subparagraph (A)(i) of  
2949 this subdivision only, cash on deposit with the commissioner, or (iv)

2950 any combination thereof.

2951 (b) The commissioner may adopt regulations, in accordance with  
2952 chapter 54, to establish additional capital and surplus requirements  
2953 based upon the type, volume and nature of insurance business  
2954 transacted.

2955 (c) [Capital] Except as specified in subdivision (2) of subsection (a)  
2956 of this section, capital and surplus may be in the form of cash or an  
2957 irrevocable letter of credit issued by a bank [chartered by this state or a  
2958 member bank of the Federal Reserve System and] approved by the  
2959 commissioner.

2960 Sec. 59. Section 38a-91ee of the general statutes is repealed and the  
2961 following is substituted in lieu thereof (*Effective July 1, 2012*):

2962 (a) No captive insurance company may pay a dividend out of, or  
2963 other distribution with respect to, capital or surplus without the prior  
2964 approval of the Insurance Commissioner. Approval of an ongoing plan  
2965 for the payment of dividends or other distributions shall be  
2966 conditioned on the retention, at the time of each payment, of capital or  
2967 surplus in excess of amounts specified by, or determined in accordance  
2968 with formulas approved by, the commissioner.

2969 (b) No special purpose financial captive insurance company may  
2970 declare or pay a dividend or distribution if such dividend or  
2971 distribution would jeopardize the ability of such company or any other  
2972 person to fulfill such company's or other person's respective  
2973 obligations under such company's securitization agreements,  
2974 reinsurance contract or any related transaction.

2975 Sec. 60. Section 38a-91ff of the general statutes is repealed and the  
2976 following is substituted in lieu thereof (*Effective July 1, 2012*):

2977 (a) A pure captive insurance company may be incorporated as a  
2978 stock insurer with its capital divided into shares and held by the  
2979 stockholders, as a nonprofit corporation with one or more members or

2980 as a manager-managed limited liability company.

2981 (b) An association captive insurance company, an industrial insured  
2982 captive insurance company or a risk retention group may be:

2983 (1) Incorporated as a stock insurer with its capital divided into  
2984 shares and held by the stockholders;

2985 (2) Incorporated as a mutual [insurer] corporation without capital  
2986 stock, the governing body of which is elected by its insureds;

2987 (3) Organized as a reciprocal insurer; or

2988 (4) Organized as a manager-managed limited liability company.

2989 (c) (1) A sponsored captive insurance company shall be  
2990 incorporated as a stock insurer with its capital divided into shares held  
2991 by the stockholders, as a mutual corporation, as a nonprofit  
2992 corporation with one or more members or as a manager-managed  
2993 limited liability company.

2994 (2) One or more sponsors may apply to the commissioner to form a  
2995 sponsored captive insurance company. In evaluating the qualifications  
2996 of a proposed sponsor, the commissioner shall consider the type and  
2997 structure of the proposed sponsor entity, its experience in financial  
2998 operations, financial stability and strength, business reputation and  
2999 such other facts deemed relevant by the commissioner.

3000 (3) (A) Associations, corporations, limited liability companies,  
3001 partnerships, trusts and other business entities may be participants in a  
3002 sponsored captive insurance company. No risk retention group shall  
3003 be a sponsor or a participant of a sponsored captive insurance  
3004 company.

3005 (B) A sponsor may be a participant in a sponsored captive insurance  
3006 company.

3007 (C) A participant need not be a stockholder of the sponsored captive

3008 insurance company or any affiliate thereof.

3009 (D) A participant shall insure only its own risks through a  
3010 sponsored captive insurance company.

3011 (d) (1) A special purpose financial captive insurance company may  
3012 be incorporated as a stock insurer with its capital divided into shares  
3013 and held by its stockholders or as a manager-managed limited liability  
3014 company.

3015 (2) A special purpose financial captive insurance company's  
3016 organizational documents shall limit the special purpose financial  
3017 captive insurance company's authority to transact the business of  
3018 insurance or reinsurance to those activities that the special purpose  
3019 financial captive insurance company conducts to accomplish its  
3020 purposes described in sections 38a-91aa to 38a-91qq, inclusive, as  
3021 amended by this act, and sections 70 to 72, inclusive, of this act. For  
3022 purposes of this subdivision and section 38a-91bb, as amended by this  
3023 act, in the case of a special purpose financial captive insurance  
3024 company formed (A) as a stock insurer, "organizational document"  
3025 means such company's articles of incorporation and bylaws, and (B) as  
3026 a limited liability company, "organizational document" means such  
3027 company's articles of organization and operating agreement.

3028 (3) A special purpose financial captive insurance company may  
3029 reinsure the risks of a ceding insurer only. A special purpose financial  
3030 captive insurance company may purchase, with the prior approval of  
3031 the commissioner, reinsurance to cede the risks assumed under a  
3032 reinsurance contract.

3033 (4) A captive insurance company that is engaged in, or will be  
3034 engaged in, an insurance securitization on or after July 1, 2012, shall be  
3035 deemed to be a special purpose financial captive insurance company.  
3036 The commissioner may require such captive insurance company to  
3037 take any action that the commissioner determines is reasonably  
3038 necessary to bring such company into compliance as a special purpose

3039 financial captive insurance company. The commissioner may issue an  
3040 order as described in subparagraph (B) of subdivision (2) of subsection  
3041 (e) of section 38a-91bb, as amended by this act.

3042 (e) A branch captive may be established in this state to write in this  
3043 state only insurance or reinsurance of the employee benefit business of  
3044 its parent and affiliated companies that is subject to the Employee  
3045 Retirement Income Security Act of 1974, as amended from time to  
3046 time. No branch captive insurance company shall do any insurance  
3047 business in this state unless it maintains the principal place of business  
3048 for its branch operations in this state.

3049 [(c)] (f) A captive insurance company incorporated or organized in  
3050 this state shall have not less than three incorporators or three  
3051 organizers of whom at least one shall be a resident of this state.

3052 [(d)] (g) In the case of a captive insurance company:

3053 (1) Formed as a corporation, before the articles of incorporation are  
3054 transmitted to the Secretary of the State, the incorporators shall  
3055 petition the Insurance Commissioner to issue a certificate setting forth  
3056 the commissioner's finding that the establishment and maintenance of  
3057 the proposed corporation will promote the general good of the state. In  
3058 arriving at such a finding the commissioner shall consider:

3059 (A) The character, reputation, financial standing and purposes of the  
3060 incorporators;

3061 (B) The character, reputation, financial responsibility, insurance  
3062 experience and business qualifications of the officers and directors;  
3063 and

3064 (C) Such other aspects as the commissioner deems advisable.

3065 (2) Formed as a reciprocal insurer, the organizers shall petition the  
3066 commissioner to issue a certificate setting forth the commissioner's  
3067 finding that the establishment and maintenance of the proposed

3068 association will promote the general good of the state. In arriving at  
3069 such a finding the commissioner shall consider the items set forth in  
3070 subdivision (1) of this subsection.

3071 (3) Formed as a limited liability company, before the articles of  
3072 organization are transmitted to the Secretary of the State, the  
3073 organizers shall petition the commissioner to issue a certificate setting  
3074 forth the commissioner's finding that the establishment and  
3075 maintenance of the proposed company will promote the general good  
3076 of the state. In arriving at such a finding, the commissioner shall  
3077 consider the items set forth in subdivision (1) of this subsection.

3078 (4) The articles of incorporation and certificate set forth in  
3079 subdivisions (1) to (3), inclusive, of this subsection shall be transmitted  
3080 to the Secretary of the State along with any fees required by the  
3081 Secretary of the State, who shall record both the articles of  
3082 incorporation and the certificate.

3083 (h) In the case of a captive insurance company licensed as a branch  
3084 captive, the alien captive insurance company shall petition the  
3085 commissioner to issue a certificate setting forth the commissioner's  
3086 finding that, after considering the character, reputation, financial  
3087 responsibility, insurance experience, and business qualifications of the  
3088 officers and directors of the alien captive insurance company, the  
3089 licensing and maintenance of the branch operations will promote the  
3090 general good of the state. The alien captive insurance company may  
3091 register to do business in this state after the commissioner's certificate  
3092 is issued.

3093 [(e)] (i) The capital stock of a captive insurance company  
3094 incorporated as a stock insurer may be authorized with no par value.

3095 [(f)] (j) In the case of a captive insurance company:

3096 (1) Formed as a corporation, (A) at least one of the members of the  
3097 board of directors shall be a resident of this state, and (B) the articles of

3098 incorporation or bylaws of such company may authorize a quorum of  
3099 its board of directors to consist of no fewer than one-third of the fixed  
3100 or prescribed number of directors;

3101 (2) Formed as a reciprocal insurer, (A) at least one of the members of  
3102 the subscribers' advisory committee shall be a resident of this state,  
3103 and (B) the subscribers' agreement or other organizing document of  
3104 such company may authorize a quorum of its subscribers' advisory  
3105 committee to consist of no fewer than one-third of the number of its  
3106 members;

3107 (3) Formed as a limited liability company, at least one of the  
3108 managers shall be a resident of this state.

3109 ~~[(g)]~~ (k) Other than captive insurance companies formed as limited  
3110 liability companies or as nonprofit corporations, captive insurance  
3111 companies formed as corporations under the provisions of sections  
3112 38a-91aa to 38a-91qq, inclusive, as amended by this act, and sections 70  
3113 to 72, inclusive, of this act shall have the privileges and be subject to  
3114 the provisions of title 33 as well as the applicable provisions in sections  
3115 38a-91aa to [38a-91gg] 38a-91qq, inclusive, as amended by this act, and  
3116 sections 70 to 72, inclusive, of this act. In the event of conflict between  
3117 the provisions of title 33 and sections 38a-91aa to 38a-91qq, inclusive,  
3118 as amended by this act, and sections 70 to 72, inclusive, of this act, the  
3119 provisions of sections 38a-91aa to 38a-91qq, inclusive, as amended by  
3120 this act, and sections 70 to 72, inclusive, of this act shall control.

3121 ~~[(h)]~~ (l) Captive insurance companies formed under the provisions  
3122 of sections 38a-91aa to 38a-91qq, inclusive, as amended by this act, and  
3123 sections 70 to 72, inclusive, of this act:

3124 (1) As limited liability companies shall have the privileges and be  
3125 subject to the provisions of chapter 613 and applicable provisions in  
3126 sections 38a-91aa to 38a-91qq, inclusive, as amended by this act, and  
3127 sections 70 to 72, inclusive, of this act. In the event of a conflict between  
3128 the provisions of chapter 613 and sections 38a-91aa to 38a-91qq,

3129 inclusive, as amended by this act, and sections 70 to 72, inclusive, of  
3130 this act, the provisions of sections 38a-91aa to 38a-91qq, inclusive, as  
3131 amended by this act, and sections 70 to 72, inclusive, of this act shall  
3132 control; [or]

3133 (2) As nonprofit corporations shall have the privileges and be  
3134 subject to the applicable provisions of title 33 and applicable  
3135 provisions in sections 38a-91aa to 38a-91qq, inclusive, as amended by  
3136 this act, and sections 70 to 72, inclusive, of this act. In the event of  
3137 conflict between the provisions of title 33 and sections 38a-91aa to 38a-  
3138 91qq, inclusive, as amended by this act, the provisions of sections 38a-  
3139 91aa to 38a-91qq, inclusive, as amended by this act, and sections 70 to  
3140 72, inclusive, of this act shall control; or

3141 (3) As reciprocal insurers shall have the privileges and be subject to  
3142 the provisions of sections 38a-91aa to 38a-91qq, inclusive, as amended  
3143 by this act, and sections 70 to 72, inclusive, of this act. In the event of  
3144 conflict between the provisions the sections specified in section 38a-  
3145 91oo, as amended by this act, and the provisions of sections 38a-91aa  
3146 to 38a-91qq, inclusive, as amended by this act, and sections 70 to 72,  
3147 inclusive, of this act, the provisions of sections 38a-91aa to 38a-91qq,  
3148 inclusive, as amended by this act, and sections 70 to 72, inclusive, of  
3149 this act shall control.

3150 (m) In the case of captive insurance companies formed as limited  
3151 liability companies, reciprocal insurers or mutual corporations, any  
3152 proxy appointed by a member, subscriber or policyholder, as  
3153 applicable, shall be valid if such proxy is appointed and transmitted in  
3154 accordance with the provisions of section 33-706.

3155 [(i)] (n) The provisions of this chapter pertaining to mergers,  
3156 consolidations and conversions shall apply in determining the  
3157 procedures to be followed by captive insurance companies in carrying  
3158 out any of the transactions described in this chapter.

3159 [(j)] Captive insurance companies formed as reciprocal insurers

3160 under the provisions of sections 38a-91aa to 38a-91qq, inclusive, shall  
3161 have the privileges and be subject to the provisions of this title in  
3162 addition to the applicable provisions of sections 38a-91aa to 38a-91qq,  
3163 inclusive. In the event of a conflict between the provisions of sections  
3164 38a-91aa to 38a-91qq, inclusive, and this title, the provisions of sections  
3165 38a-91aa to 38a-91qq, inclusive, shall control.

3166 (k) The articles of incorporation or bylaws of a captive insurance  
3167 company formed as a corporation may authorize a quorum of its board  
3168 of directors to consist of no fewer than one-third of the fixed or  
3169 prescribed number of directors.

3170 (l) The subscribers' agreement or other organizing document of a  
3171 captive insurance company formed as a reciprocal insurer may  
3172 authorize a quorum of its subscribers' advisory committee to consist of  
3173 no fewer than one-third of the number of its members.]

3174 Sec. 61. Section 38a-91gg of the general statutes is repealed and the  
3175 following is substituted in lieu thereof (*Effective July 1, 2012*):

3176 (a) Captive insurance companies shall not be required to make any  
3177 annual report except as provided in sections 38a-91aa to 38a-91qq,  
3178 inclusive, as amended by this act, and sections 70 to 72, inclusive, of  
3179 this act.

3180 (b) (1) (A) Prior to March first of each year and, in the case of pure  
3181 captive insurance companies and industrial insured captive insurance  
3182 companies, prior to March fifteenth of each year, each captive  
3183 insurance company other than a branch captive insurance company  
3184 shall submit to the Insurance Commissioner a report of its financial  
3185 condition verified by oath of two of its executive officers. The  
3186 commissioner shall establish the form and content of the annual report  
3187 to be filed by special purpose captive insurance companies.

3188 (B) In the case of branch captive insurance companies, prior to  
3189 March first of each year, each such company shall submit to the

3190 commissioner a copy of all reports and statements required to be filed  
3191 under the laws of the jurisdiction in which the alien captive insurance  
3192 company is formed. Such reports and statements shall be verified by  
3193 oath of two of its executive officers. If the commissioner is satisfied  
3194 that the annual report filed by the alien captive insurance company in  
3195 its domiciliary jurisdiction provides adequate information concerning  
3196 the financial condition of the alien captive insurance company, the  
3197 commissioner may waive the requirement for completion of the  
3198 captive annual statement for business written in the alien jurisdiction.

3199 (2) (A) Each captive insurance company other than a special  
3200 purpose financial captive insurance company shall report using  
3201 generally accepted accounting principles, unless the commissioner  
3202 requires, approves or accepts the use of statutory accounting principles  
3203 or other comprehensive basis of accounting, with any appropriate or  
3204 necessary modifications or adaptations required or approved or  
3205 accepted by the commissioner for the type of insurance and kinds of  
3206 insurers to be reported upon, and as supplemented by additional  
3207 information required by the commissioner. Except as otherwise  
3208 provided, each association captive insurance company and each risk  
3209 retention group shall file its report in the form required by sections  
3210 38a-53 and 38a-53a. The commissioner may adopt regulations, in  
3211 accordance with chapter 54, to establish the manner in which pure  
3212 captive insurance companies and industrial insured captive insurance  
3213 companies shall report. The provisions of subsection (b) of section 38a-  
3214 69a shall apply to each report filed pursuant to this section.

3215 (B) Each special purpose financial captive insurance company shall  
3216 report using statutory accounting principles, unless the commissioner  
3217 requires, approves or accepts the use of generally accepted accounting  
3218 principles or other comprehensive basis of accounting, with any  
3219 appropriate or necessary modifications or adaptations required or  
3220 approved or accepted by the commissioner and as supplemented by  
3221 additional information required by the commissioner.

3222 (c) (1) Any pure captive insurance company or industrial insured  
3223 captive insurance company may make written application to the  
3224 commissioner for approval to file the required report at the end of [the]  
3225 its fiscal year. If the commissioner grants approval for such alternative  
3226 reporting date:

3227 [(1)] (A) The annual report shall be due [sixty] not later than  
3228 seventy-five days after the end of [the] its fiscal year; and

3229 [(2)] (B) In order to provide sufficient detail to support the premium  
3230 tax return, the pure captive insurance company or industrial insured  
3231 captive insurance company shall file prior to March [first] fifteenth of  
3232 each year for each calendar year-end such information as the  
3233 commissioner may prescribe, verified by oath of two of its executive  
3234 officers.

3235 (2) Any branch captive insurance company may make written  
3236 application to the commissioner for approval to file the required  
3237 reports and statements at the end of its fiscal year. If the commissioner  
3238 grants approval for such alternative reporting date, the reports and  
3239 statements shall be due not later than sixty days after the end of its  
3240 fiscal year.

3241 (3) Any special purpose financial captive insurance company may  
3242 make written application to the commissioner for approval to file the  
3243 required report at the end of its fiscal year. If the commissioner grants  
3244 approval for such alternative reporting date, the commissioner shall  
3245 establish the content of any additional filing required from such  
3246 company.

3247 Sec. 62. Section 38a-91hh of the general statutes is repealed and the  
3248 following is substituted in lieu thereof (*Effective July 1, 2012*):

3249 (a) (1) At least once every [five] three years, and additionally  
3250 whenever the Insurance Commissioner determines it to be prudent,  
3251 the commissioner or the commissioner's designee shall visit each

3252 captive insurance company and thoroughly inspect and examine its  
3253 affairs to ascertain its financial condition, its ability to fulfill its  
3254 obligations and whether it has complied with the provisions of  
3255 sections 38a-91aa to 38a-91qq, inclusive, as amended by this act, and  
3256 sections 70 to 72, inclusive, of this act and any applicable provisions of  
3257 this title. The commissioner may extend the three-year period to five  
3258 years, provided a captive insurance company is subject to a  
3259 comprehensive annual audit during such period by independent  
3260 auditors approved by the commissioner and of a scope satisfactory to  
3261 the commissioner.

3262 (2) The examination of a branch captive insurance company  
3263 pursuant to this section shall be of branch business and branch  
3264 operations only, so long as the branch captive insurance company  
3265 provides annually to the commissioner a certificate of compliance or its  
3266 equivalent, issued by or filed with the licensing authority of the  
3267 jurisdiction in which the branch captive insurance company is formed,  
3268 and demonstrates to the commissioner's satisfaction that it is operating  
3269 in sound financial condition in accordance with all applicable laws and  
3270 regulations of such jurisdiction.

3271 (b) In scheduling and determining the nature, scope and frequency  
3272 of such examinations, the commissioner shall consider such matters as  
3273 the results of financial statement analyses and ratios, changes in  
3274 management or ownership, actuarial opinions, reports of independent  
3275 certified public accountants, and such other criteria as set forth in the  
3276 examiners' handbook adopted by the National Association of  
3277 Insurance Commissioners and in effect at the time the commissioner  
3278 exercises discretion under this section.

3279 (c) (1) To carry out examinations under this section, the  
3280 commissioner may appoint as examiners one or more competent  
3281 persons, not officers of or [connected] affiliated with or interested in  
3282 any insurance company, other than as a policyholder. The  
3283 commissioner may engage the services of attorneys, appraisers,

3284 independent actuaries, independent certified public accountants, or  
3285 other professionals and specialists to assist in conducting the  
3286 examinations under this section as examiners, the cost of which shall  
3287 be borne by the company which is the subject of the examination.  
3288 Notwithstanding the provisions of this subdivision, no domestic  
3289 captive insurance company subject to examination under this section  
3290 shall pay, as costs associated with the examination, the salaries, fringe  
3291 benefits, traveling and maintenance expenses of examining personnel  
3292 of the Insurance Department engaged in such examination if such  
3293 domestic company is otherwise liable to assessment levied under  
3294 section 38a-47, except that such company shall pay the traveling and  
3295 maintenance expenses of examining personnel of the department when  
3296 such company is examined outside the state.

3297 (2) In conducting the examination, the commissioner, the  
3298 commissioner's actuary or any examiner authorized by the  
3299 commissioner may examine, under oath, the officers and agents of  
3300 such a company and all persons deemed to have material information  
3301 regarding the company's property or business. Each such company, its  
3302 officers and agents shall produce the books and papers, in its or their  
3303 possession, relating to its business or affairs, and any other person may  
3304 be required to produce any book or paper, in his custody, deemed to  
3305 be relevant to such examination for the inspection of the  
3306 commissioner, the commissioner's actuary or examiners, when  
3307 required. The officers and agents of the company shall facilitate the  
3308 examination and aid the examiners in making the same so far as it is in  
3309 their power to do so. The refusal of any company by its officers,  
3310 directors, employees or agents to submit to examination or to comply  
3311 with any reasonable written request of the examiners shall be grounds  
3312 for suspension of, or revocation of or nonrenewal of any license or  
3313 authority held by the company to engage in an insurance or other  
3314 business subject to the commissioner's jurisdiction. Any such  
3315 proceedings for suspension, revocation or nonrenewal of any license or  
3316 authority shall be conducted pursuant to section 38a-91ii, as amended  
3317 by this act.

3318 (3) In conducting the examination, the examiner shall observe those  
3319 guidelines and procedures set forth in the examiners' handbook  
3320 adopted by the National Association of Insurance Commissioners. The  
3321 commissioner may also adopt such other guidelines or procedures as  
3322 the commissioner may deem appropriate.

3323 (d) (1) Nothing contained in this section shall be construed to limit  
3324 the commissioner's authority to terminate or suspend any examination  
3325 in order to pursue legal or regulatory action pursuant to the insurance  
3326 laws of this state. Findings of fact and conclusions made pursuant to  
3327 any examination shall be prima facie evidence in any legal or  
3328 regulatory action.

3329 (2) Nothing contained in this section shall be construed to limit the  
3330 commissioner's authority in such legal or regulatory action to use and,  
3331 if appropriate, to make public any final or preliminary examination  
3332 report, any examiner or company workpapers or other documents, or  
3333 any other information discovered or developed during the course of  
3334 any examination.

3335 (3) Not later than sixty days after completion of the examination, the  
3336 examiner in charge shall file, under oath, with the Insurance  
3337 Department a verified written report of examination. Upon receipt of  
3338 the verified report, the Insurance Department shall transmit the report  
3339 to the company examined, together with a notice which shall afford  
3340 the company examined a reasonable opportunity, not to exceed thirty  
3341 days, to make a written submission or rebuttal with respect to any  
3342 matters contained in the examination report. Not later than thirty days  
3343 after the period allowed for the receipt of written submissions or  
3344 rebuttals, the commissioner shall fully consider and review the report,  
3345 together with any written submissions or rebuttals and any relevant  
3346 portions of the examiner's workpapers and enter an order: (A)  
3347 Adopting the examination report as filed or with modification or  
3348 corrections. If the examination report reveals that the company is  
3349 operating in violation of any law, regulation or prior order of the

3350 commissioner, the commissioner may order the company to take any  
3351 action the commissioner considers necessary and appropriate to cure  
3352 such violation; or (B) rejecting the examination report with directions  
3353 to the examiners to reopen the examination for purposes of obtaining  
3354 additional data, documentation or information, and refiling pursuant  
3355 to subparagraph (A) of this subdivision; or (C) calling for an  
3356 investigatory hearing with no less than twenty days notice to the  
3357 company for purposes of obtaining additional documentation, data,  
3358 information and testimony.

3359 (e) (1) All orders entered pursuant to subdivision (3) of subsection  
3360 (d) of this section shall be accompanied by findings and conclusions  
3361 resulting from the commissioner's consideration and review of the  
3362 examination report, relevant examiner workpapers and any written  
3363 submissions or rebuttals. The findings and conclusions, which form  
3364 the basis of any such order of the commissioner, shall be subject to  
3365 review as provided in section 38a-19.

3366 (2) Any investigatory hearing conducted under subparagraph (C) of  
3367 subdivision (3) of subsection (d) of this section by the commissioner or  
3368 authorized representative shall be conducted as a nonadversarial  
3369 confidential investigatory proceeding as necessary for the resolution of  
3370 any inconsistencies, discrepancies or disputed issues apparent (A)  
3371 upon the filed examination report, (B) raised by or as a result of the  
3372 commissioner's review of relevant workpapers, or (C) by the written  
3373 submission or rebuttal of the company. Not later than twenty days  
3374 after conclusions of any such hearing, the commissioner shall enter an  
3375 order pursuant to subparagraph (A) of subdivision (3) of subsection  
3376 (d) of this section. The commissioner shall not appoint an examiner as  
3377 an authorized representative to conduct the hearing. The hearing shall  
3378 proceed expeditiously with discovery by the company limited to the  
3379 examiner's workpapers which tend to substantiate any assertions set  
3380 forth in any written submission or rebuttal. The commissioner or the  
3381 commissioner's authorized representative may issue subpoenas for the  
3382 attendance of any witnesses or the production of any documents

3383 deemed relevant to the investigation whether under the control of the  
3384 department, the company or other persons. The documents produced  
3385 shall be included in the record and testimony taken by the  
3386 commissioner or the commissioner's authorized representative shall be  
3387 under oath and preserved for the record. Nothing contained in this  
3388 section shall require the department to disclose any information or  
3389 records which would indicate or show the existence or content of any  
3390 investigation or activity of a criminal justice agency. The hearing shall  
3391 proceed with the commissioner or the commissioner's authorized  
3392 representative posing questions to the persons subpoenaed. Thereafter  
3393 the company and the Insurance Department may present testimony  
3394 relevant to the investigation. Cross-examination shall be conducted  
3395 only by the commissioner or the commissioner's authorized  
3396 representative. The company and the Insurance Department shall be  
3397 permitted to make closing statements and may be represented by  
3398 counsel of their choice.

3399 (f) The commissioner may, if the commissioner deems it in the  
3400 public interest, publish any such report or the result of any such  
3401 examination contained in such report in one or more newspapers of  
3402 the state.

3403 (g) Nothing contained in this section shall prevent or be construed  
3404 as prohibiting the commissioner from disclosing the content of an  
3405 examination report, preliminary examination report or results, or any  
3406 matter relating to such report to (1) [the Insurance Department]  
3407 insurance regulatory officials of this or any other state or country, (2)  
3408 law enforcement officials of this or any other state, or (3) any agency of  
3409 this or any other state or of the federal government at any time, [so  
3410 long as] provided such agency or office receiving the report or matters  
3411 relating to such report agrees, in writing, that such documents shall be  
3412 confidential.

3413 (h) All [working papers] workpapers, recorded information,  
3414 documents and copies thereof produced by, obtained by or disclosed

3415 to the commissioner or any other person in the course of an  
3416 examination made under this section shall (1) be confidential, (2) not  
3417 be subject to subpoena, and (3) not be made public by the  
3418 commissioner or any other person, except to the extent provided in  
3419 subsection (g) of this section. Access to such information may be  
3420 granted by the commissioner to the National Association of Insurance  
3421 Commissioners, so long as it agrees, in writing, that such information  
3422 shall be confidential.

3423 (i) (1) The commissioner may engage the services of, from time to  
3424 time, on an individual basis, qualified actuaries, certified public  
3425 accountants or other similar individuals who are independently  
3426 practicing their professions, even though such persons may, from time  
3427 to time, be similarly employed or retained by persons subject to  
3428 examination under this section.

3429 (2) No cause of action shall arise nor shall any liability be imposed  
3430 against the commissioner, the commissioner's authorized  
3431 representatives or any examiner appointed by the commissioner for  
3432 any statements made or conduct performed in good faith while  
3433 carrying out the provisions of this section.

3434 (3) No cause of action shall arise, nor shall any liability be imposed,  
3435 against any person for the act of communicating or delivering  
3436 information or data to the commissioner or the commissioner's  
3437 authorized representative examiner pursuant to an examination made  
3438 under this section, if such act of communication or delivery was  
3439 performed in good faith and without fraudulent intent or the intent to  
3440 deceive.

3441 (4) This section does not abrogate or modify in any way any  
3442 common law or statutory privilege or immunity heretofore enjoyed by  
3443 any person identified in subdivision (2) of this subsection.

3444 (5) A person identified in subdivision (2) of this subsection shall be  
3445 entitled to an award of attorney's fees and costs if he is the prevailing

3446 party in a civil cause of action for libel, slander or any other relevant  
3447 tort arising out of activities in carrying out the provisions of this  
3448 section and the party bringing the action was not substantially justified  
3449 in doing so. For purposes of this section, a proceeding is "substantially  
3450 justified" if it had a reasonable basis in law or fact at the time that it  
3451 was initiated.

3452 Sec. 63. Section 38a-91ii of the general statutes is repealed and the  
3453 following is substituted in lieu thereof (*Effective July 1, 2012*):

3454 (a) (1) The commissioner may, at any time, for cause, suspend,  
3455 revoke or refuse to renew any license of a captive insurance company,  
3456 or in lieu of or in addition to suspension or revocation of such license,  
3457 the commissioner, after reasonable notice to and hearing of any holder  
3458 of such license, may impose a fine not to exceed ten thousand dollars.  
3459 Such hearings may be held by the commissioner or any person  
3460 designated by the commissioner. For purposes of this subsection, cause  
3461 for such administrative action shall include, but not be limited to, the  
3462 following reasons: (A) Insolvency or impairment of capital or surplus;  
3463 (B) failure to meet the requirements of section 38a-91dd, as amended  
3464 by this act; (C) refusal or failure to submit an annual report, as  
3465 required by section 38a-91gg, as amended by this act, or any other  
3466 report or statement required by law or by lawful order of the  
3467 commissioner; (D) failure to comply with the provisions of its own  
3468 charter, bylaws or other organizational document; (E) failure to submit  
3469 to or pay the cost of examination or any legal obligation relative  
3470 thereto; (F) use of methods that, although not otherwise specifically  
3471 prohibited by law, nevertheless render its operation detrimental or its  
3472 condition unsound with respect to the public or to its policyholders; or  
3473 (G) failure otherwise to comply with the laws of this state.

3474 [(b)] (2) Any captive insurance company aggrieved by the action of  
3475 the commissioner in suspending, revoking or refusing to renew a  
3476 license or in imposing a fine may appeal therefrom, in accordance with  
3477 the provisions of section 4-183, except venue for such appeal shall be in

3478 the judicial district of New Britain. Appeals under this section shall be  
3479 privileged in respect to the order of trial assignment.

3480 (1) (A) The commissioner shall notify a special purpose financial  
3481 captive insurance company not less than thirty days before  
3482 suspending, revoking or refusing to renew its license. Such notice shall  
3483 state the basis for such suspension, revocation or refusal to renew and  
3484 the date of the hearing; and

3485 (B) No prior notice or hearing shall be required if the grounds for  
3486 suspension, revocation or refusal to renew of a special purpose  
3487 financial captive insurance company's license relate primarily to the  
3488 financial condition or soundness of such company or to a deficiency in  
3489 its assets.

3490 (2) The commissioner may amend or modify the license of a special  
3491 purpose financial captive insurance company only if:

3492 (A) The special purpose financial captive insurance company  
3493 consents to such amendment or modification; or

3494 (B) The commissioner makes a showing of clear and convincing  
3495 evidence demonstrating that such amendment or modification is  
3496 necessary to avoid irreparable harm to the special purpose financial  
3497 captive insurance company or to the ceding insurer.

3498 Sec. 64. Subsection (a) of section 38a-91jj of the general statutes is  
3499 repealed and the following is substituted in lieu thereof (*Effective July*  
3500 *1, 2012*):

3501 (a) Association captive insurance companies and risk retention  
3502 groups shall comply with the investment requirements in this chapter,  
3503 as applicable. Notwithstanding any other provision of sections 38a-  
3504 91aa to 38a-91qq, inclusive, as amended by this act, and sections 70 to  
3505 72, inclusive, of this act, the commissioner may approve the use of  
3506 alternative reliable methods of valuation and rating.

3507 Sec. 65. Subsection (c) of section 38a-91kk of the general statutes is  
3508 repealed and the following is substituted in lieu thereof (*Effective July*  
3509 *1, 2012*):

3510 (c) For purposes of sections 38a-91aa to 38a-91qq, inclusive, as  
3511 amended by this act, and sections 70 to 72, inclusive, of this act,  
3512 insurance by a captive insurance company of any workers'  
3513 compensation qualified self-insured plan of its parent and affiliates  
3514 shall be deemed to be reinsurance.

3515 Sec. 66. Section 38a-91nn of the general statutes is repealed and the  
3516 following is substituted in lieu thereof (*Effective July 1, 2012, and*  
3517 *applicable to calendar years commencing on or after January 1, 2012*):

3518 (a) Each captive insurance company shall pay to the Commissioner  
3519 of Revenue Services, [in the month of February] on or before March  
3520 first of each year, a tax at the rate of (1) thirty-eight hundredths of one  
3521 per cent on the first twenty million dollars, [and] (2) two hundred  
3522 eighty-five thousandths of one per cent on the next twenty million  
3523 dollars, [and] (3) nineteen hundredths of one per cent on the next  
3524 twenty million dollars, and (4) seventy-two thousandths of one per  
3525 cent on each dollar thereafter, on the direct premiums collected or  
3526 contracted for on policies or contracts of insurance written by the  
3527 captive insurance company during the year ending December thirty-  
3528 first next preceding, after deducting from the direct premiums subject  
3529 to the tax the amounts paid to policyholders as return premiums  
3530 which shall include dividends on unabsorbed premiums or premium  
3531 deposits returned or credited to policyholders, except that no tax shall  
3532 be due or payable as to considerations received for annuity contracts.

3533 (b) Each captive insurance company shall pay to the Commissioner  
3534 of Revenue Services, in the month of March of each year, a tax at the  
3535 rate of (1) two hundred fourteen thousandths of one per cent on the  
3536 first twenty million dollars, (2) one hundred forty-three thousandths of  
3537 one per cent on the next twenty million dollars, (3) forty-eight  
3538 thousandths of one per cent on the next twenty million dollars, and (4)

3539 twenty-four thousandths of one per cent on each dollar thereafter, on  
3540 assumed reinsurance premiums collected or contracted for on policies  
3541 or contracts of insurance written by the captive insurance company  
3542 during the year ending December thirty-first next preceding, provided  
3543 no tax under this subsection shall apply to premiums for risks or  
3544 portions of risks that are subject to taxation on a direct basis pursuant  
3545 to subsection (a) of this section. No tax under this subsection shall be  
3546 payable in connection with the receipt of assets in exchange for the  
3547 assumption by a captive insurance company of loss reserves and other  
3548 liabilities of another insurer under common ownership and control, if  
3549 such transaction is part of a plan to discontinue the operations of such  
3550 other insurer and if the intent of the parties to such transaction is to  
3551 renew or maintain such business with the captive insurance company.

3552 [(b)] (c) (1) The annual minimum aggregate tax to be paid by a  
3553 captive insurance company, other than a sponsored captive insurance  
3554 company, calculated under subsection (a) of this section shall be seven  
3555 thousand five hundred dollars, and the annual maximum aggregate  
3556 tax calculated under subsections (a) and (b) of this section shall be two  
3557 hundred thousand dollars. In the case of a branch captive insurance  
3558 company, the annual aggregate tax to be paid by such company shall  
3559 apply only to the branch business of such company.

3560 (2) In the case of a sponsored captive insurance company, the  
3561 annual minimum aggregate tax to be paid by a sponsored captive  
3562 insurance company shall be seven thousand five hundred dollars and  
3563 shall apply to such company as a whole and not to each protected cell.  
3564 The annual maximum tax to be paid by a sponsored captive insurance  
3565 company shall be the aggregate tax liability, calculated under  
3566 subsection (a) of this section, of each protected cell.

3567 [(c) A captive insurance company failing to file returns as required  
3568 in this section or failing to pay within the time required all taxes  
3569 assessed by this section shall be subject to penalty under section 12-  
3570 229.]

3571 (d) The provisions of sections 12-204, 12-204d, 12-204g and 12-205 to  
3572 12-208, inclusive, shall apply to the provisions of sections 38a-91aa to  
3573 38a-91qq, inclusive, as amended by this act, and sections 70 to 72,  
3574 inclusive, of this act, in the same manner and with the same force and  
3575 effect as if the language of said sections 12-204, 12-204d, 12-204g and  
3576 12-205 to 12-208, inclusive, had been incorporated in full into this  
3577 section and had expressly referred to the tax due under this section,  
3578 except to the extent that any such language is inconsistent with a  
3579 provision of said sections 38a-91aa to 38a-91qq, inclusive, as amended  
3580 by this act, and sections 70 to 72, inclusive, of this act.

3581 ~~[(d) Two]~~ (e) (1) Except as specified in subsection (c) of this section  
3582 and subdivision (2) of this subsection, two or more captive insurance  
3583 companies under common ownership and control shall be taxed as  
3584 though they were a single captive insurance company.

3585 (2) Special purpose financial captive insurance companies shall not  
3586 be consolidated with other captive insurance companies that are not  
3587 special purpose financial captive insurance companies for purposes of  
3588 calculating the tax due under this section.

3589 ~~[(e)]~~ (f) For the purposes of this section, [common] (1) "common  
3590 ownership and [control] control" means ownership and control of two  
3591 or more captive insurance companies by the same person or group of  
3592 persons, and (2) "ownership and control" means:

3593 ~~[(1)]~~ (A) In the case of stock [corporations] insurers, the direct or  
3594 indirect ownership of eighty per cent or more of the outstanding  
3595 voting stock of [two or more corporations by the same shareholder or  
3596 shareholders] the insurer; [and]

3597 ~~[(2)]~~ (B) In the case of mutual or nonprofit corporations, the direct or  
3598 indirect ownership of eighty per cent or more of the surplus and the  
3599 voting power of [two or more corporations by the same member or  
3600 members] the corporation;

3601 (C) In the case of limited liability companies, the direct or indirect  
3602 ownership of eighty per cent or more of the membership interests in  
3603 the company; and

3604 (D) In the case of sponsored captive insurance companies, a  
3605 protected cell shall be treated as a separate captive insurance company  
3606 owned and controlled by the protected cell's participants.

3607 [(f)] (g) (1) The tax provided for in this section shall constitute all  
3608 taxes collectible under the laws of this state from any captive insurance  
3609 company, and no other occupation tax or other taxes shall be levied or  
3610 collected from any captive insurance company by the state or any  
3611 county, city or municipality within this state, except sales and use  
3612 taxes and ad valorem taxes on real and personal property used in the  
3613 production of income.

3614 [(g)] (2) The tax provided for in this section shall be calculated on an  
3615 annual basis, notwithstanding policies or contracts of insurance or  
3616 contracts of reinsurance issued on a multiyear basis. In the case of  
3617 multiyear policies or contracts, the premium shall be prorated for  
3618 purposes of determining the tax under this section.

3619 (3) A captive insurance company may claim a nonrefundable tax  
3620 credit of seven thousand five hundred dollars against the aggregate tax  
3621 imposed under this section for the first calendar year on or after  
3622 January 1, 2012, in which the company has liability under this section.  
3623 The Commissioner of Revenue Services shall prescribe the form and  
3624 manner in which such tax credit may be claimed.

3625 (h) (1) There is established an account to be known as the "Captive  
3626 Insurance Regulatory and Supervision account" which shall be a  
3627 separate, nonlapsing account within the Insurance Fund established  
3628 under section 38a-52a. The account shall contain any moneys required  
3629 by law to be deposited in the account. Moneys in the account shall be  
3630 expended by the commissioner for the purposes of funding staff  
3631 positions and other reasonable expenses related to the regulation of

3632 captive insurance companies.

3633 (2) (A) All fees and assessments relating to captive insurance  
3634 companies received by the Insurance Department shall be deposited in  
3635 the account.

3636 (B) The Comptroller shall transfer annually to the account eleven  
3637 per cent of the tax collected pursuant to this section.

3638 (3) The Comptroller may transfer from the account, with the  
3639 approval of the Secretary of the Office of Policy and Management, an  
3640 amount equivalent to not more than two per cent of the tax collected  
3641 pursuant to this section, to the Department of Economic and  
3642 Community Development for reasonable expenses incurred to  
3643 promote the captive insurance industry in this state. The Department  
3644 of Economic and Community Development may also utilize the  
3645 transferred moneys to collaborate with other entities to promote the  
3646 captive insurance industry in this state.

3647 (4) No payment for the maintenance of staff or associated expenses,  
3648 including contractual services as necessary, shall be disbursed until the  
3649 commissioner receives proper documentation regarding services  
3650 rendered and expenses incurred. The commissioner shall establish the  
3651 form and manner of such documentation.

3652 (5) Any balance remaining in the account at the end of any fiscal  
3653 year shall be carried forward in the account for the fiscal year next  
3654 succeeding.

3655 Sec. 67. Section 38a-91oo of the general statutes is repealed and the  
3656 following is substituted in lieu thereof (*Effective July 1, 2012*):

3657 Unless otherwise provided in sections 38a-91aa to 38a-91qq,  
3658 inclusive, as amended by this act, and sections 70 to 72, inclusive, of  
3659 this act, no provision of this title shall apply to captive insurance  
3660 companies, unless expressly included therein, except for the following:  
3661 Sections 38a-8, 38a-16, 38a-17, 38a-54 to 38a-57, inclusive, 38a-59, 38a-

3662 69a, 38a-73, 38a-129 to 38a-140, inclusive, and 38a-250 to 38a-266,  
3663 inclusive, [38a-903 to 38a-961, inclusive, and 38a-962 to 38a-962j,  
3664 inclusive] and chapter 704c.

3665 Sec. 68. Section 38a-91pp of the general statutes is repealed and the  
3666 following is substituted in lieu thereof (*Effective July 1, 2012*):

3667 (a) An association captive insurance company, risk retention group  
3668 or industrial insured captive insurance company formed as a stock  
3669 insurer or mutual corporation may be converted to or merged with  
3670 and into a reciprocal insurer in accordance with a plan for such  
3671 conversion or merger and the provisions of this section.

3672 (b) Any plan for such conversion or merger shall provide a fair and  
3673 equitable plan for purchasing, retiring or otherwise extinguishing the  
3674 interests of the stockholders and policyholders of a stock insurer, and  
3675 the members and policyholders of a mutual [insurer] corporation,  
3676 including a fair and equitable provision for the rights and remedies of  
3677 dissenting stockholders, members or policyholders.

3678 (c) In the case of a conversion authorized under subsection (a) of  
3679 this section:

3680 (1) Such conversion shall be accomplished under such reasonable  
3681 plan and procedure as may be approved by the commissioner, except  
3682 that the Insurance Commissioner shall not approve any such plan of  
3683 conversion unless such plan:

3684 (A) Satisfies the provisions of subsection (b) of this section;

3685 (B) Provides for a hearing, of which notice is given or to be given to  
3686 the captive insurance company, its directors, officers and  
3687 policyholders, and in the case of a stock insurer, its stockholders, and  
3688 in the case of a mutual [insurer] corporation, its members, all of which  
3689 persons shall be entitled to attend and appear at such hearing, except  
3690 that if notice of a hearing is given and no director, officer, policyholder,  
3691 member or stockholder requests a hearing, the commissioner may

3692 cancel such hearing;

3693 (C) Provides a fair and equitable plan for the conversion of  
3694 stockholder, member or policyholder interests into subscriber interests  
3695 in the resulting reciprocal insurer, substantially proportionate to the  
3696 corresponding interests in the stock insurer or mutual [insurer]  
3697 corporation, except that such plan shall not preclude the resulting  
3698 reciprocal insurer from applying underwriting criteria that could affect  
3699 ongoing ownership interests; and

3700 (D) Is approved:

3701 (i) In the case of a stock insurer, by a majority of the shares entitled  
3702 to vote represented in person or by proxy at a duly called regular or  
3703 special meeting at which a quorum is present; and

3704 (ii) In the case of a mutual [insurer] corporation, by a majority of the  
3705 voting interests of policyholders represented in person or by proxy at a  
3706 duly called regular or special meeting thereof at which a quorum is  
3707 present;

3708 (2) The commissioner shall approve such plan of conversion if the  
3709 commissioner finds that the conversion will promote the general good  
3710 of the state in conformity with those standards set forth in subdivision  
3711 (2) of subsection [(d)] (g) of section 38a-91ff, as amended by this act;

3712 (3) If the commissioner approves the plan, the commissioner shall  
3713 amend the converting insurer's certificate of authority to reflect  
3714 conversion to a reciprocal insurer and issue such amended certificate  
3715 of authority to the company's attorney-in-fact;

3716 (4) The conversion shall be effective upon the issuance of an  
3717 amended certificate of authority of a reciprocal insurer by the  
3718 commissioner; and

3719 (5) Upon the effective date of such conversion the corporate  
3720 existence of the converting insurer shall cease and the resulting

3721 reciprocal insurer shall notify the Secretary of the State of such  
3722 conversion.

3723 (d) A merger authorized under subsection (a) of this section shall be  
3724 accomplished substantially in accordance with the procedures set forth  
3725 in this chapter, except that, solely for purposes of such merger:

3726 (1) The plan of merger shall satisfy the provisions of subsection (b)  
3727 of this section;

3728 (2) The subscribers' advisory committee of a reciprocal insurer shall  
3729 be equivalent to the board of directors of a stock insurer or mutual  
3730 [insurance company] corporation;

3731 (3) The subscribers of a reciprocal insurer shall be the equivalent of  
3732 the policyholders of a mutual [insurance company] corporation;

3733 (4) If a subscribers' advisory committee does not have a president or  
3734 secretary, the officers of such committee having substantially  
3735 equivalent duties shall be deemed the president or secretary of such  
3736 committee;

3737 (5) The commissioner shall approve the articles of merger if the  
3738 commissioner finds that the merger will promote the general good of  
3739 the state in conformity with those standards set forth in subdivision (2)  
3740 of subsection [(d)] (g) of section 38a-91ff, as amended by this act. If the  
3741 commissioner approves the articles of merger, the commissioner shall  
3742 endorse the commissioner's approval thereon and the surviving  
3743 insurer shall present the articles of merger to the Secretary of the State  
3744 at the Secretary of the State's office;

3745 (6) Notwithstanding section 38a-91dd, as amended by this act, the  
3746 commissioner may permit the formation, without surplus, of a captive  
3747 insurance company organized as a reciprocal insurer, into which an  
3748 existing captive insurance company may be merged for the purpose of  
3749 facilitating a transaction under this section, except that there shall be  
3750 no more than one authorized insurance company surviving such

3751 merger; and

3752 (7) An alien insurer may be a party to a merger authorized under  
3753 subsection (a) of this section, except that the requirements for a merger  
3754 between a domestic and a foreign insurer under this chapter shall  
3755 apply to a merger between a domestic and an alien insurer under this  
3756 subsection. Such alien insurer shall be treated as a foreign insurer  
3757 under this chapter and such other jurisdictions shall be the equivalent  
3758 of a state for purposes of this chapter.

3759 (e) The commissioner may permit the formation of a captive  
3760 insurance company that is established for the sole purpose of merging  
3761 or consolidating with, or assuming existing insurance or reinsurance  
3762 business from, an existing captive insurance company or, subject to  
3763 such conditions as the commissioner may impose that are not  
3764 inconsistent with this chapter, any existing captive insurance company  
3765 organized in any other jurisdiction. Upon request of such newly  
3766 formed captive insurance company, the commissioner may waive or  
3767 modify the requirements of subparagraph (B) of subdivision (1) of  
3768 subsection (c) of section 38a-91bb, as amended by this act, and  
3769 subdivision (2) of subsection (c) of section 38a-91bb, as amended by  
3770 this act.

3771 ~~[(e)]~~ (f) A conversion or merger under this section shall have the  
3772 effects of conversion or merger set forth in this chapter to the extent  
3773 such effects are not inconsistent with the provisions of sections 38a-  
3774 91aa to 38a-91qq, inclusive, as amended by this act, and sections 70 to  
3775 72, inclusive, of this act.

3776 Sec. 69. Section 38a-91qq of the general statutes is repealed and the  
3777 following is substituted in lieu thereof (*Effective July 1, 2012*):

3778 The Insurance Commissioner may adopt regulations, in accordance  
3779 with chapter 54, as are necessary to carry out the provisions of sections  
3780 38a-91aa to 38a-91qq, inclusive, as amended by this act, and sections 70  
3781 to 72, inclusive, of this act, and to establish standards to ensure that a

3782 parent or affiliated company is able to exercise control of the risk  
3783 management function of any controlled unaffiliated business to be  
3784 insured by [the] a pure captive insurance company, except that until  
3785 such regulations are approved, the commissioner may approve the  
3786 coverage of such risks by a pure captive insurance company.

3787 Sec. 70. (NEW) (*Effective July 1, 2012*) (a) Each sponsored captive  
3788 insurance company may establish and maintain one or more protected  
3789 cells, subject to the following conditions:

3790 (1) The stockholders of a sponsored captive insurance company  
3791 shall be limited to its participants and sponsors, except that a  
3792 sponsored captive insurance company may issue nonvoting securities  
3793 to other persons on terms approved by the commissioner;

3794 (2) Each sponsored captive insurance company shall account  
3795 separately on the books and records of such company for each  
3796 protected cell to reflect the financial condition and results of operations  
3797 of such protected cell, net income or loss, dividends or other  
3798 distributions to participants and such other factors as may be provided  
3799 in the participant contract or required by the commissioner;

3800 (3) No liabilities arising out of any other insurance business the  
3801 sponsored captive insurance company may conduct shall be  
3802 chargeable against the assets of a protected cell;

3803 (4) No sponsored captive insurance company shall make any sale,  
3804 exchange or other transfer of assets, dividend or distribution between  
3805 or among any of its protected cells without the consent of such  
3806 protected cells;

3807 (5) No protected cell shall make any sale, exchange or other transfer  
3808 of assets, dividend or distribution to a sponsor or participant without  
3809 the commissioner's approval. The commissioner shall not approve  
3810 such sale, exchange or other transfer if it would result in insolvency or  
3811 impairment with respect to a protected cell;

3812 (6) (A) Except as otherwise specified, each sponsored captive  
3813 insurance company shall attribute assets and liabilities to the protected  
3814 cells and the general account in accordance with the plan of operation  
3815 approved by the commissioner, and shall not attribute any other assets  
3816 or liabilities between its general account and any protected cell or  
3817 between any protected cells. For purposes of this subdivision, "general  
3818 account" means all assets and liabilities of a sponsored captive  
3819 insurance company that are not attributable to a protected cell.

3820 (B) Each sponsored captive insurance company shall attribute all  
3821 insurance obligations, assets and liabilities relating to a reinsurance  
3822 contract entered into with respect to a protected cell to such protected  
3823 cell. The performance under such reinsurance contract and any tax  
3824 benefits, losses, refunds or credits allocated pursuant to a tax allocation  
3825 agreement to which the sponsored captive insurance company is a  
3826 party, including any payments made by or due to be made to the  
3827 sponsored captive insurance company pursuant to the terms of such  
3828 agreement, shall reflect such obligations, assets and liabilities relating  
3829 to such reinsurance contract;

3830 (7) In connection with the conservation, rehabilitation or liquidation  
3831 of a sponsored captive insurance company, such company shall, to the  
3832 extent the commissioner determines they are separable, keep the assets  
3833 and liabilities of a protected cell separate at all times from, and shall  
3834 not commingle with, those of other protected cells and of the  
3835 sponsored captive insurance company;

3836 (8) Each sponsored captive insurance company shall file annually  
3837 with the commissioner such financial reports as the commissioner shall  
3838 require, including, but not limited to, accounting statements detailing  
3839 the financial experience of each protected cell;

3840 (9) Each sponsored captive insurance company shall notify the  
3841 commissioner in writing not later than ten business days after any  
3842 protected cell becomes insolvent or otherwise unable to meet its claim  
3843 or expense obligations;

3844 (10) No participant contract shall take effect without the  
3845 commissioner's prior written approval. The addition of each new  
3846 protected cell or the withdrawal of any participant or termination of  
3847 any existing protected cell shall constitute a change in the sponsored  
3848 captive insurance company's plan of operation and shall require the  
3849 commissioner's prior written approval;

3850 (11) If required by the commissioner, the business written by a  
3851 sponsored captive insurance company with respect to each protected  
3852 cell shall be (A) fronted by an insurance company licensed under the  
3853 laws of any state, (B) reinsured by a reinsurer authorized or approved  
3854 by this state, or (C) secured by a trust fund in the United States for the  
3855 benefit of policyholders and claimants or funded by an irrevocable  
3856 letter of credit or other arrangement that is acceptable to the  
3857 commissioner. The commissioner may require the sponsored captive  
3858 to increase the funding of any security arrangement established under  
3859 this subdivision. If the form of security is a letter of credit, the letter of  
3860 credit shall be issued or confirmed by a bank approved by the  
3861 commissioner. A trust maintained pursuant to this subdivision shall be  
3862 established in a form and upon such terms approved by the  
3863 commissioner.

3864 (b) Each sponsored captive insurance company may combine the  
3865 assets of two or more protected cells for purposes of investment and  
3866 such combination shall not be construed as defeating the segregation  
3867 of such assets for accounting or other purposes. Each sponsored  
3868 captive insurance company shall comply with all applicable  
3869 investment requirements under chapter 698 of the general statutes,  
3870 except that the commissioner shall waive compliance with such  
3871 requirements for sponsored captive insurance companies to the extent  
3872 that credit for reinsurance ceded to reinsurers is allowed pursuant to  
3873 section 38a-91kk of the general statutes, as amended by this act. The  
3874 commissioner may approve the use of alternative reliable methods of  
3875 valuation and rating for purposes of this subsection.

3876 (c) Each sponsored captive insurance company, including a  
3877 sponsored captive insurance company licensed as a special purpose  
3878 financial captive insurance company, may establish and maintain one  
3879 or more protected cells as a separate corporation formed under chapter  
3880 601 of the general statutes or a limited liability company formed under  
3881 chapter 613 of the general statutes. This section shall not be construed  
3882 to limit any rights or protections applicable to protected cells not  
3883 established as corporations or limited liability companies.

3884 (d) (1) Each sponsored captive insurance company may establish  
3885 and maintain a protected cell as an incorporated protected cell.

3886 (2) The articles of incorporation or articles of organization of an  
3887 incorporated protected cell shall refer to the sponsored captive  
3888 insurance company for which it is a protected cell and shall state that  
3889 the protected cell is incorporated or organized for the limited purposes  
3890 authorized by the sponsored captive insurance company's license.  
3891 Such company shall attach to and file with the articles of incorporation  
3892 or articles of organization a copy of the commissioner's prior written  
3893 approval, as required by subdivision (10) of subsection (a) of this  
3894 section, to add the incorporated protected cell.

3895 (e) Notwithstanding the provisions of chapter 704c of the general  
3896 statutes:

3897 (1) If the commissioner determines in the event of an insolvency of a  
3898 sponsored captive insurance company that one or more protected cells  
3899 remain solvent, the commissioner may separate such cells from such  
3900 company and may, on application of a sponsor, allow for the  
3901 conversion of such cells into one or more new or existing sponsored  
3902 captive insurance companies with a sponsor or sponsors, or one or  
3903 more other captive insurance companies, pursuant to such plan or  
3904 plans of operation as the commissioner deems acceptable;

3905 (2) Upon the issuance by a court of any order of supervision,  
3906 rehabilitation or liquidation of a sponsored captive insurance

3907 company, the receiver shall manage the assets and liabilities of such  
3908 company in accordance with the provisions of this section;

3909 (3) The assets of a protected cell shall not be used to pay any  
3910 expenses or claims other than those attributable to such protected cell;  
3911 and

3912 (4) A sponsored captive insurance company's capital and surplus  
3913 shall be available at all times to pay any expenses of or claims against  
3914 such company.

3915 Sec. 71. (NEW) (*Effective July 1, 2012*) (a) Not later than thirty days  
3916 after the closing on the transactions for an insurance securitization, a  
3917 special purpose financial captive insurance company shall submit to  
3918 the commissioner a copy of a complete set of executed documentation  
3919 of such securitization. Any documentation submitted pursuant to this  
3920 subsection shall be kept confidential in accordance with the provisions  
3921 of subdivision (6) of subsection (c) of section 38a-91bb of the general  
3922 statutes, as amended by this act.

3923 (b) Any change in the special purpose financial captive insurance  
3924 company's plan of operation shall require prior approval from the  
3925 commissioner.

3926 (c) Any transaction or series of transactions shall require prior  
3927 approval from the commissioner if such transaction or series of  
3928 transactions (1) are undertaken to dissolve a special purpose financial  
3929 captive insurance company, or (2) result in the termination of all or any  
3930 part of a special purpose financial captive insurance company's  
3931 business, except that no prior approval from the commissioner shall be  
3932 required for any such transaction or series of transactions if such  
3933 transaction or series of transactions are done in accordance with a  
3934 document or agreement described in the special purpose financial  
3935 captive insurance company's plan of operation and if the  
3936 commissioner is notified in advance of such transaction or series of  
3937 transactions.

3938 (d) A special purpose financial captive insurance company shall  
3939 notify the commissioner in advance of any change in the legal  
3940 ownership of any special purpose financial captive insurance company  
3941 security.

3942 (e) A special purpose financial captive insurance company may:

3943 (1) With the prior approval of the commissioner, account for the  
3944 proceeds of a surplus note issued by such company as surplus; and

3945 (2) Submit for the prior approval of the commissioner periodic  
3946 written requests for authorization to make payments of interest on and  
3947 repayments of principal of surplus notes and other debt obligations  
3948 issued by such company. The commissioner shall not approve such  
3949 payment if the commissioner determines that such payment would  
3950 jeopardize the ability of the special purpose financial captive insurance  
3951 company or any other person to fulfill their respective obligations  
3952 pursuant to the special purpose financial captive insurance company  
3953 securitization agreements, the reinsurance contract or any related  
3954 transaction. In lieu of approval of such periodic written requests, the  
3955 commissioner may approve a formula or plan, which shall be included  
3956 in the special purpose financial captive insurance company's plan of  
3957 operation, for payment of interest, principal or both with respect to  
3958 such surplus notes and debt obligations.

3959 (f) No special purpose financial captive insurance company security  
3960 shall be subject to regulation as an insurance or reinsurance contract.  
3961 No investor in such a security or a holder of such a security shall be  
3962 considered to be transacting the business of insurance in this state  
3963 solely by reason of having an interest in the security. No underwriter's  
3964 placement or selling agents and their partners, commissioners, officers,  
3965 members, managers, employees, agents, representatives and advisors  
3966 involved in an insurance securitization by a special purpose financial  
3967 captive insurance company shall be considered to be insurance  
3968 producers or brokers or to be conducting business as an insurance or  
3969 reinsurance company or as an insurance agency, brokerage,

3970 intermediary, advisory or consulting business solely by virtue of their  
3971 underwriting activities in connection with such securitization.

3972 (g) (1) A special purpose financial captive insurance company shall  
3973 reinsure only the risks of a ceding insurer, pursuant to a reinsurance  
3974 contract. A special purpose financial captive insurance company shall  
3975 not issue a contract of insurance or a contract for assumption of risk or  
3976 indemnification of loss other than such reinsurance contract.

3977 (2) Unless approved otherwise in advance by the commissioner, a  
3978 special purpose financial captive insurance company shall not assume  
3979 or retain exposure to insurance or reinsurance losses for its own  
3980 account that are not funded by:

3981 (A) Proceeds from a special purpose financial captive insurance  
3982 company securitization or letters of credit or other assets described in  
3983 subdivision (17) of section 38a-91aa of the general statutes, as amended  
3984 by this act;

3985 (B) Premium and other amounts payable by the ceding insurer to  
3986 the special purpose financial captive insurance company pursuant to  
3987 the reinsurance contract; and

3988 (C) Any return on investment of the items under subparagraphs (A)  
3989 and (B) of this subdivision.

3990 (3) The reinsurance contract shall contain all provisions reasonably  
3991 required or approved by the commissioner, which requirements shall  
3992 take into account the laws applicable to the ceding insurer regarding  
3993 the ceding insurer taking credit for the reinsurance provided under  
3994 such reinsurance contract.

3995 (4) A special purpose financial captive insurance company may,  
3996 with the prior approval of the commissioner, cede risks assumed  
3997 through a reinsurance contract to one or more reinsurers through the  
3998 purchase of reinsurance.

3999 (5) A special purpose financial captive insurance company may  
4000 enter into contracts and conduct other commercial activities related or  
4001 incidental to and necessary to fulfill the purposes of the reinsurance  
4002 contract, the insurance securitization, this section and section 72 of this  
4003 act, provided such contracts and activities are included in the special  
4004 purpose financial captive insurance company's plan of operation or are  
4005 approved in advance by the commissioner. Such contracts and  
4006 activities may include, but are not limited to: (A) Entering into  
4007 reinsurance contracts; (B) issuing special purpose financial captive  
4008 insurance company securities; (C) complying with the terms of such  
4009 contracts or securities; (D) entering into trust, guaranteed investment  
4010 contract, swap or other derivative, tax, administration, reimbursement,  
4011 or fiscal agent transactions; (E) complying with trust indenture,  
4012 reinsurance or retrocession; and (F) other agreements necessary or  
4013 incidental to effect an insurance securitization.

4014 (6) Unless approved otherwise in advance by the commissioner, a  
4015 reinsurance contract shall not contain any provision for payment by  
4016 the special purpose financial captive insurance company in discharge  
4017 of its obligations under the reinsurance contract to any person other  
4018 than the ceding insurer or any receiver of the ceding insurer.

4019 (7) A special purpose financial captive insurance company shall  
4020 notify the commissioner immediately of any action by a ceding insurer  
4021 or any other person to foreclose on or otherwise take possession of  
4022 collateral provided by the special purpose financial captive insurance  
4023 company to secure any obligation of the special purpose financial  
4024 captive insurance company.

4025 (h) The assets of a special purpose financial captive insurance  
4026 company shall be preserved and administered by or on behalf of the  
4027 special purpose financial captive insurance company to satisfy the  
4028 liabilities and obligations of the special purpose financial captive  
4029 insurance company incident to the reinsurance contract, the insurance  
4030 securitization and other related agreements.

4031 (i) In the special purpose financial captive insurance company  
4032 securitization, the security offering memorandum or other document  
4033 issued to prospective investors regarding the offer and sale of a  
4034 surplus note or other security shall include a disclosure that all or part  
4035 of the proceeds of such insurance securitization will be used to fund  
4036 the special purpose financial captive insurance company's obligations  
4037 to the ceding insurer.

4038 (j) A special purpose financial captive insurance company shall not  
4039 be subject to any restriction on investments other than the following:

4040 (1) A special purpose financial captive insurance company shall not  
4041 make a loan to any person other than as permitted under its plan of  
4042 operation or as otherwise approved in advance by the commissioner;  
4043 and

4044 (2) The commissioner may prohibit or limit any investment that  
4045 threatens the solvency or liquidity of the special purpose financial  
4046 captive insurance company unless the investment is otherwise  
4047 approved in its plan of operation or in an order issued to the special  
4048 purpose financial captive insurance company pursuant to  
4049 subparagraph (B) of subdivision (2) of subsection (e) of section 38a-  
4050 91bb of the general statutes, as amended by this act.

4051 (k) (1) Unless approved otherwise in advance by the commissioner,  
4052 a special purpose financial captive insurance company shall (A)  
4053 maintain its books, records, documents, accounts, vouchers and  
4054 agreements in this state, and (B) preserve and keep available in this  
4055 state such books, records, documents, accounts, vouchers and  
4056 agreements for examination and inspection until such time as the  
4057 commissioner approves the destruction or other disposition of such  
4058 books, records, documents, accounts, vouchers and agreements. If the  
4059 commissioner approves the keeping of the items listed in this  
4060 subdivision outside this state, the special purpose financial captive  
4061 insurance company shall maintain in this state a complete and true  
4062 copy of each such original. Such copies may be photographs,

4063 reproductions on file or electronically stored and reproduced.

4064 (2) A special purpose financial captive insurance company shall  
4065 make its books, records, documents, accounts, vouchers and  
4066 agreements available for inspection by the commissioner at any time.  
4067 A special purpose financial captive insurance company shall keep its  
4068 books and records in such manner that its financial condition, affairs  
4069 and operations can be readily ascertained and so that the  
4070 commissioner may readily verify its financial statements and  
4071 determine its compliance with sections 38a-91aa to 38a-91qq, inclusive,  
4072 of the general statutes, as amended by this act, and sections 70 to 72,  
4073 inclusive, of this act.

4074 (l) Upon the issuance by a court of any order of conservation,  
4075 rehabilitation or liquidation of a special purpose financial captive  
4076 insurance company or one or more of the special purpose financial  
4077 captive insurance company's protected cells, the receiver shall manage  
4078 the assets and liabilities of the special purpose financial captive  
4079 insurance company pursuant to the provisions of this section and  
4080 section 72 of this act.

4081 (m) Notwithstanding any provision in the contracts or other  
4082 documentation governing the special purpose financial captive  
4083 insurance company securitization, amounts recoverable by the receiver  
4084 of a special purpose financial captive insurance company under a  
4085 reinsurance contract shall not be reduced or diminished as a result of  
4086 the entry of an order of conservation, rehabilitation or liquidation with  
4087 respect to a ceding insurer.

4088 (n) Notwithstanding the provisions of chapter 704c of the general  
4089 statutes:

4090 (1) An application, a petition, a temporary restraining order or an  
4091 injunction issued pursuant to chapter 704c of the general statutes with  
4092 respect to a ceding insurer shall not prohibit (A) a special purpose  
4093 financial captive insurance company from transacting business with

4094 the ceding insurer, including making any payment with respect to a  
4095 special purpose financial captive insurance company security, or (B)  
4096 any action or proceeding against a special purpose financial captive  
4097 insurance company or its assets;

4098 (2) The commencement of a summary proceeding or the issuance of  
4099 any order by the court with respect to a special purpose financial  
4100 captive insurance company shall not prohibit such company from  
4101 making payments or taking any action required to make such  
4102 payments, provided such payments (A) are made pursuant to a special  
4103 purpose financial captive insurance company security or reinsurance  
4104 contract, and (B) are consistent with the special purpose financial  
4105 captive insurance company's plan of operation and any order issued to  
4106 the special purpose financial captive insurance company pursuant to  
4107 subparagraph (B) of subdivision (2) of subsection (e) of section 38a-  
4108 91bb of the general statutes, as amended by this act;

4109 (3) A receiver of a ceding insurer shall not void a nonfraudulent  
4110 transfer by a ceding insurer to a special purpose financial captive  
4111 insurance company of money or other property made pursuant to a  
4112 reinsurance contract; and

4113 (4) A receiver of a special purpose financial captive insurance  
4114 company shall not void a nonfraudulent transfer by the special  
4115 purpose financial captive insurance company of money or other  
4116 property:

4117 (A) Made to a ceding insurer pursuant to a reinsurance contract or  
4118 made to or for the benefit of any holder of a special purpose financial  
4119 captive insurance company security with respect to the special  
4120 purpose financial captive insurance company security; and

4121 (B) Made consistent with the special purpose financial captive  
4122 insurance company's plan of operation and any order issued to the  
4123 special purpose financial captive insurance company pursuant to  
4124 subparagraph (B) of subdivision (2) of subsection (e) of section 38a-

4125 91bb of the general statutes, as amended by this act.

4126 (o) Except for the fulfillment of the obligations under a reinsurance  
4127 contract, the assets of a special purpose financial captive insurance  
4128 company, including assets held in trust, on a funds-withheld basis or  
4129 in any other arrangement to secure the special purpose financial  
4130 captive insurance company's obligations under a reinsurance contract,  
4131 shall not be consolidated with or included in the estate of a ceding  
4132 insurer in any delinquency proceeding against the ceding insurer for  
4133 any purpose.

4134 Sec. 72. (NEW) (*Effective July 1, 2012*) (a) The provisions of this  
4135 section shall apply to a sponsored captive insurance company licensed  
4136 as a special purpose financial captive insurance company. For  
4137 purposes of this section, (1) "general account" means all assets and  
4138 liabilities of a sponsored captive insurance company licensed as a  
4139 special purpose financial captive insurance company not attributable  
4140 to a protected cell, and (2) "special purpose financial captive insurance  
4141 company" means a sponsored captive insurance company licensed as a  
4142 special purpose financial captive insurance company.

4143 (b) Unless approved otherwise in advance by the commissioner, a  
4144 participant in a special purpose financial captive insurance company  
4145 shall be a ceding insurer. Any change in a participant shall require the  
4146 commissioner's prior approval.

4147 (c) (1) A special purpose financial captive insurance company, on  
4148 behalf of a protected cell, shall be entitled to assert the same claims and  
4149 defenses in actions in law or equity as if the protected cell were a  
4150 corporation established under chapter 601 of the general statutes,  
4151 including, but not limited to, claims and defenses in actions at law or  
4152 equity alleging alter ego, corporate veil piercing, offset, substantive  
4153 consolidation, equitable subordination or recoupment.

4154 (2) In connection with the conservation, rehabilitation or liquidation  
4155 of a special purpose financial captive insurance company or one or

4156 more of its protected cells, such company shall keep the assets and  
4157 liabilities of a protected cell separate at all times from, and shall not  
4158 commingle with, those of other protected cells and of the special  
4159 purpose financial captive insurance company. The assets of one  
4160 protected cell shall not be used to satisfy the obligations or liabilities of  
4161 another protected cell or of the special purpose financial captive  
4162 insurance company based on legal or equitable claims or defenses  
4163 including, but not limited to, alter ego, piercing the corporate veil,  
4164 offset, substantive consolidation, equitable subordination or  
4165 recoupment, unless such claims or defenses would apply to such  
4166 protected cell if it were a special purpose finance captive insurance  
4167 company without separate cells.

4168 (d) (1) Notwithstanding subdivision (1) of subsection (a) of section  
4169 70 of this act, a special purpose financial captive insurance company  
4170 may issue securities of any person approved in advance by the  
4171 commissioner.

4172 (2) (A) Any security issued by a special purpose financial captive  
4173 insurance company with respect to a protected cell and any other  
4174 contract or obligation of the special purpose financial captive  
4175 insurance company with respect to a protected cell shall include the  
4176 designation of such protected cell and shall include the following  
4177 statement, or such other statement as may be required by the  
4178 commissioner:

4179 (i) In the case of a security: "The holder of this security shall have no  
4180 right or recourse against the special purpose financial captive  
4181 insurance company and its assets other than against assets properly  
4182 attributable to the designated protected cell and the special purpose  
4183 financial captive insurance company's general account, to the extent  
4184 permitted by Connecticut law."; or

4185 (ii) In the case of a contract or obligation: "The counter party to this  
4186 contract or obligation shall have no right or recourse against the  
4187 special purpose financial captive insurance company and its assets

4188 other than against assets properly attributable to the designated  
4189 protected cell and the special purpose financial captive insurance  
4190 company's general account, to the extent permitted by Connecticut  
4191 law."

4192 (B) The failure to include such disclosure, in whole or part, in such  
4193 security, contract or obligation with respect to a protected cell shall not  
4194 serve as the sole basis for a creditor, ceding insurer or any other person  
4195 to have recourse against the general account of the special purpose  
4196 financial captive insurance company in excess of the limitations  
4197 provided under subsection (i) of this section, or against the assets of  
4198 any other protected cell.

4199 (e) In addition to the provisions of subsections (c) and (d) of section  
4200 70 of this act, a special purpose financial captive insurance company  
4201 shall be subject to the following with respect to its protected cells:

4202 (1) A special purpose financial captive insurance company shall  
4203 establish a protected cell only for the purpose of insuring or reinsuring  
4204 risks of one or more reinsurance contracts with a ceding insurer or two  
4205 or more affiliated ceding insurers, with the intent of facilitating an  
4206 insurance securitization. A separate protected cell shall be established  
4207 with respect to each separate securitization transaction; and

4208 (2) No special purpose financial captive insurance company shall  
4209 make a sale, an exchange or another transfer of assets between or  
4210 among any of its protected cells without the prior approval of the  
4211 commissioner.

4212 (f) (1) Each special purposes financial captive insurance company  
4213 shall attribute assets and liabilities to the protected cells and the  
4214 general account in accordance with the plan of operation approved by  
4215 the commissioner, and shall not attribute any other assets or liabilities  
4216 between its general account and any protected cell or between any  
4217 protected cells.

4218 (2) Each special purposes financial captive insurance company shall  
4219 attribute all insurance obligations, assets and liabilities relating to a  
4220 reinsurance contract entered into with respect to a protected cell and  
4221 the related insurance securitization transaction, including any  
4222 securities issued by such company as part of the insurance  
4223 securitization, to such protected cell. The rights, benefits, obligations  
4224 and liabilities of any securities attributable to such protected cell and  
4225 the performance under such reinsurance contract and the related  
4226 securitization transaction, and any tax benefits, losses, refunds or  
4227 credits allocated pursuant to a tax allocation agreement to which the  
4228 special purpose financial captive insurance company is a party,  
4229 including any payments made by or due to be made to the special  
4230 purpose financial captive insurance company pursuant to the terms of  
4231 such agreement, shall reflect such obligations, assets and liabilities  
4232 relating to such reinsurance contract and the insurance securitization  
4233 transaction that are attributed to such protected cell.

4234 (g) (1) Except as otherwise specified in this section, the terms and  
4235 conditions set forth in chapter 704c of the general statutes pertaining to  
4236 administrative supervision of insurers and the conservation,  
4237 rehabilitation, receiverships and liquidation of insurers shall apply to a  
4238 special purpose financial captive insurance company or any of such  
4239 company's protected cells independently and shall not cause or  
4240 otherwise effect a conservation, rehabilitation, receivership or  
4241 liquidation of the special purpose financial captive insurance company  
4242 or another protected cell that is not otherwise insolvent.

4243 (2) For purposes of applying the provisions of chapter 704c of the  
4244 general statutes to a special purpose financial captive insurance  
4245 company, "insolvency" or "insolvent" means the special purpose  
4246 financial captive insurance company (A) is unable to pay its  
4247 obligations when they are due, unless those obligations are the subject  
4248 of a bona fide dispute, or (B) has failed to meet all criteria and  
4249 conditions for solvency of the special purpose financial captive  
4250 insurance company established by the commissioner. In the case of a

4251 sponsored captive insurance company licensed as a special purpose  
4252 financial captive insurance company, the definition of "insolvency" and  
4253 "insolvent" shall be applied separately to each protected cell and to the  
4254 special purpose financial captive insurance company's general account.

4255 (h) (1) The commissioner may file in the Superior Court of this state,  
4256 without causing or otherwise effecting the conservation or  
4257 rehabilitation of an otherwise solvent protected cell of a special  
4258 purpose financial captive insurance company and subject to the  
4259 provisions of subparagraph (E) of subdivision (1) of subsection (k) of  
4260 this section, a petition to authorize the commissioner to conserve,  
4261 rehabilitate or liquidate a special purpose financial captive insurance  
4262 company on one or more of the following grounds:

4263 (A) Embezzlement, wrongful sequestration, dissipation or diversion  
4264 of the special purpose financial captive insurance company's assets  
4265 intended to be used to pay amounts owed to the ceding insurer or the  
4266 holders of special purpose financial captive insurance company  
4267 securities;

4268 (B) The special purpose financial captive insurance company is  
4269 insolvent; or

4270 (C) The holders of a majority in outstanding principal amount of  
4271 each class of special purpose financial captive insurance company  
4272 securities attributable to each particular protected cell request or  
4273 consent to conservation, rehabilitation or liquidation.

4274 (2) The commissioner may file in the Superior Court of this state,  
4275 without causing or otherwise effecting a conservation, rehabilitation,  
4276 receivership or liquidation of the special purpose financial captive  
4277 insurance company generally or another of its protected cells, a  
4278 petition to authorize the commissioner to conserve, rehabilitate or  
4279 liquidate one or more of a special purpose financial captive insurance  
4280 company's protected cells, independently, on one or more of the  
4281 following grounds:

4282 (A) Embezzlement, wrongful sequestration, dissipation or diversion  
4283 of the special purpose financial captive insurance company's assets  
4284 attributable to the affected protected cell or cells intended to be used to  
4285 pay amounts owed to the ceding insurer or the holders of special  
4286 purpose financial captive insurance company securities of the affected  
4287 protected cell or cells;

4288 (B) The affected protected cell is insolvent; or

4289 (C) The holders of a majority in outstanding principal amount of  
4290 each class of special purpose financial captive insurance company  
4291 securities attributable to that particular protected cell request or  
4292 consent to conservation, rehabilitation or liquidation.

4293 (3) Except where consent is given as described in subparagraph (C)  
4294 of subdivision (1) of this subsection and subparagraph (C) of  
4295 subdivision (2) of this subsection, the court may not grant relief as  
4296 provided under subdivision (1) or (2) of this subsection unless, after  
4297 notice and a hearing, the commissioner, who shall have the burden of  
4298 proof, establishes by clear and convincing evidence that relief must be  
4299 granted. The court's order may be made in respect of one or more  
4300 protected cells by name, rather than the special purpose financial  
4301 captive insurance company generally.

4302 (i) (1) Upon the issuance by a court of any order of conservation,  
4303 rehabilitation, or liquidation of a special purpose financial captive  
4304 insurance company or one or more of the special purpose financial  
4305 captive insurance company's protected cells, the receiver shall manage  
4306 the assets and liabilities of the special purpose financial captive  
4307 insurance company or the applicable protected cell in accordance with  
4308 the provisions of this section and section 71 of this act.

4309 (2) The assets attributable to one protected cell shall not be applied  
4310 to the liabilities attributable to another protected cell unless an asset or  
4311 liability is attributable to more than one protected cell, in which case  
4312 the receiver shall deal with the asset or liability in accordance with the

4313 terms of any relevant governing instrument or contract. Recourse to  
4314 the special purpose financial captive insurance company's general  
4315 account in connection with the conservation, rehabilitation or  
4316 liquidation of a protected cell shall be limited to the greater of the  
4317 amount of assets in the general account as of the date such proceeding  
4318 is commenced or the required minimum capital for the general account  
4319 as of the date such proceeding is commenced. The assets attributable to  
4320 one protected cell shall not be set off against the liabilities attributable  
4321 to another protected cell, and assets attributable to the special purpose  
4322 financial captive insurance company's general account shall not be set  
4323 off against the liabilities attributable to any protected cell except to the  
4324 extent provided in this subdivision.

4325 (3) Relief shall not be granted nor shall any order be issued based on  
4326 equitable theories of recovery, including substantive consolidation,  
4327 equitable subordination or recoupment, to attach or seize the assets of  
4328 any solvent protected cell for the benefit of another protected cell or  
4329 special purpose financial captive insurance company or to pierce the  
4330 corporate veil of any protected cell, in connection with the  
4331 conservation, rehabilitation or liquidation of a special purpose  
4332 financial captive insurance company or one or more protected cells,  
4333 unless such equitable theories, attachment, seizure or corporate veil  
4334 piercing would apply to such cell if it were a special purpose financial  
4335 captive insurance company without separate cells.

4336 (j) Notwithstanding any provision in the contracts or other  
4337 documentation governing the special purpose financial captive  
4338 insurance company insurance securitization, amounts recoverable by  
4339 the receiver of a special purpose financial captive insurance company  
4340 shall not be reduced or diminished as a result of the entry of an order  
4341 of conservation, rehabilitation or liquidation with respect to the ceding  
4342 insurer.

4343 (k) (1) Notwithstanding the provisions of chapter 704c of the general  
4344 statutes:

4345 (A) An application, a petition, a temporary restraining order or an  
4346 injunction issued pursuant to the provisions of chapter 704c of the  
4347 general statutes with respect to a ceding insurer shall not prohibit (i) a  
4348 special purpose financial captive insurance company from transacting  
4349 business with the ceding insurer, including making any payment  
4350 pursuant to a special purpose financial captive insurance company  
4351 security with respect to a protected cell, or (ii) any action or proceeding  
4352 against a special purpose financial captive insurance company or its  
4353 assets;

4354 (B) The commencement of a summary proceeding or other interim  
4355 proceeding commenced before a formal delinquency proceeding or the  
4356 issuance of any order by the court with respect to a special purpose  
4357 financial captive insurance company shall not prohibit such company  
4358 from making payments or taking any action required to make such  
4359 payments pursuant to a special purpose financial captive insurance  
4360 company security with respect to a protected cell or a special purpose  
4361 financial captive insurance company contract;

4362 (C) A receiver of a ceding insurer shall not void a nonfraudulent  
4363 transfer by a ceding insurer to a special purpose financial captive  
4364 insurance company of money or other property made pursuant to a  
4365 reinsurance contract;

4366 (D) A receiver of a special purpose financial captive insurance  
4367 company shall not void (i) a nonfraudulent transfer by the special  
4368 purpose financial captive insurance company of money or other  
4369 property made to a ceding insurer pursuant to a reinsurance contract  
4370 or made to or for the benefit of any holder of a special purpose  
4371 financial captive insurance company security with respect to a  
4372 protected cell, or (ii) a special purpose financial captive insurance  
4373 company security;

4374 (E) (i) In the event of an insolvency of a special purpose financial  
4375 captive insurance company where one or more protected cells remain  
4376 solvent, the commissioner shall separate such cells from such company

4377 and shall, on application of a sponsor, allow for the conversion of such  
4378 cells into one or more special purpose financial captive insurance  
4379 companies. The commissioner shall issue such orders as the  
4380 commissioner deems necessary to protect the solvency of the  
4381 remaining solvent protected cells.

4382 (ii) In the event of an insolvency of a protected cell, the special  
4383 purpose financial captive insurance company's assets shall be  
4384 accounted for and managed in accordance with subsection (i) of this  
4385 section and other applicable laws of this state.

4386 (2) The provisions of subdivision (1) of this subsection shall not  
4387 prohibit the commissioner from taking any action permitted under  
4388 chapter 704c of the general statutes with respect only to the  
4389 conservation or rehabilitation of a special purpose financial captive  
4390 insurance company with protected cell or cells, provided the  
4391 commissioner has sufficient grounds to seek to declare such company  
4392 insolvent. In such case, with respect to the solvent protected cell or  
4393 cells, the commissioner shall not prohibit such company from making  
4394 payments or taking any action required to make such payments  
4395 pursuant to a special purpose financial captive insurance company  
4396 security, reinsurance contract or insurance securitization transaction  
4397 that are attributable to such cell or cells.

4398 (l) Except for the fulfillment of the obligations under a special  
4399 purpose financial captive insurance company contract, the assets of a  
4400 special purpose financial captive insurance company, including assets  
4401 held in trust, shall not be consolidated with or included in the estate of  
4402 a ceding insurer in any delinquency proceeding against the ceding  
4403 insurer for any purpose.

4404 Sec. 73. Subsection (b) of section 63 of public act 11-58 of the general  
4405 statutes is repealed and the following is substituted in lieu thereof  
4406 (*Effective July 1, 2012*):

4407 (b) The annual license fee shall be three thousand dollars and shall

4408 be dedicated to the regulation of utilization review, except that the  
4409 commissioner shall be authorized to use such funds as is necessary to  
4410 (1) implement the provisions of sections 38a-91aa to 38a-91qq,  
4411 inclusive, of the general statutes, as amended by this act, and sections  
4412 70 to 72, inclusive, of this act, and (2) contract with The University of  
4413 Connecticut School of Medicine to provide any medical consultations  
4414 necessary to carry out the commissioner's responsibilities under this  
4415 title with respect to consumer and market conduct matters.

4416 Sec. 74. Section 20-332 of the general statutes is amended by adding  
4417 subsection (d) as follows (*Effective from passage*):

4418 (NEW) (d) For any application submitted pursuant to section 20-  
4419 333, as amended by this act, and any completed renewal application  
4420 submitted pursuant to section 20-335, as amended by this act, that  
4421 requires a hearing or other action by the applicable examining board,  
4422 such hearing or other action by the applicable examining board shall  
4423 occur not later than thirty days after the date of submission for such  
4424 application or completed renewal application, as applicable.

4425 Sec. 75. Section 20-333 of the general statutes is repealed and the  
4426 following is substituted in lieu thereof (*Effective from passage*):

4427 To obtain a license under this chapter, an applicant shall have  
4428 attained such applicant's eighteenth birthday and shall furnish such  
4429 evidence of competency as the appropriate board, with the consent of  
4430 the Commissioner of Consumer Protection, shall require. The applicant  
4431 shall satisfy such board that such applicant is of good moral character,  
4432 possesses a diploma or other evidence of graduation from the eighth  
4433 grade of grammar school, or possesses an equivalent education to be  
4434 determined on examination and has the requisite skill to perform the  
4435 work in the trade for which such applicant is applying for a license and  
4436 can comply with all other requirements of this chapter and the  
4437 regulations adopted under this chapter. For any application submitted  
4438 pursuant to this section that requires a hearing or other action by the  
4439 applicable examining board, such hearing or other action by the

4440 applicable examining board shall occur not later than thirty days after  
4441 the date of submission for such application. Upon application for any  
4442 such license, the applicant shall pay to the department a  
4443 nonrefundable application fee of ninety dollars for a license under  
4444 subdivisions (2) and (3) of subsection (a) and subdivision (4) of  
4445 subsection (e) of section 20-334a, or a nonrefundable application fee of  
4446 one hundred fifty dollars for a license under subdivision (1) of  
4447 subsection (a), subdivisions (1) and (2) of subsection (b), subdivision  
4448 (1) of subsection (c) and subdivisions (1), (2) and (3) of subsection (e) of  
4449 section 20-334a. The department shall conduct such written, oral and  
4450 practical examinations as the appropriate board, with the consent of  
4451 the commissioner, deems necessary to test the knowledge of the  
4452 applicant in the work for which a license is being sought. Any person  
4453 completing the required apprentice training program for a  
4454 journeyman's license under section 20-334a shall, within thirty days  
4455 following such completion, apply for a licensure examination given by  
4456 the department. If an applicant does not pass such licensure  
4457 examination, the commissioner shall provide each failed applicant  
4458 with information on how to retake the examination and a report  
4459 describing the applicant's strengths and weaknesses in such  
4460 examination. Any apprentice permit issued under section 20-334a to an  
4461 applicant who fails three licensure examinations in any one-year  
4462 period shall remain in effect if such applicant applies for and takes the  
4463 first licensure examination given by the department following the  
4464 one-year period from the date of such applicant's third and last  
4465 unsuccessful licensure examination. Otherwise, such permit shall be  
4466 revoked as of the date of the first examination given by the department  
4467 following expiration of such one-year period. When an applicant has  
4468 qualified for a license, the department shall, upon receipt of the license  
4469 fee, issue to such applicant a license entitling such applicant to engage  
4470 in the work or occupation for which a license was sought and shall  
4471 register each successful applicant's name and address in the roster of  
4472 licensed persons authorized to engage in the work or occupation  
4473 within the appropriate board's authority. All fees and other moneys

4474 collected by the department shall be promptly transmitted to the State  
4475 Treasurer as provided in section 4-32.

4476 Sec. 76. Section 20-335 of the general statutes is repealed and the  
4477 following is substituted in lieu thereof (*Effective from passage*):

4478 Any person who has successfully completed an examination for  
4479 such person's initial license under this chapter shall pay to the  
4480 Department of Consumer Protection a fee of one hundred fifty dollars  
4481 for a contractor's license or a fee of one hundred twenty dollars for any  
4482 other such license. All such licenses shall expire annually. No person  
4483 shall carry on or engage in the work or occupations subject to this  
4484 chapter after the expiration of such person's license until such person  
4485 has filed an application bearing the date of such person's registration  
4486 card with the appropriate board. Such application shall be in writing,  
4487 addressed to the secretary of the board from which such renewal is  
4488 sought and signed by the person applying for such renewal. A licensee  
4489 applying for renewal shall, at such times as the commissioner shall by  
4490 regulation prescribe, furnish evidence satisfactory to the board that the  
4491 licensee has completed any continuing professional education required  
4492 under sections 20-330 to 20-341, inclusive, or any regulations adopted  
4493 thereunder. The board may renew such license if the application for  
4494 such renewal is received by the board no later than one month after the  
4495 date of expiration of such license, upon payment to the department of  
4496 a renewal fee of one hundred fifty dollars in the case of a contractor  
4497 and of one hundred twenty dollars for any other such license. For any  
4498 completed renewal application submitted pursuant to this section that  
4499 requires a hearing or other action by the applicable examining board,  
4500 such hearing or other action by the applicable examining board shall  
4501 occur not later than thirty days after the date of submission for such  
4502 completed renewal application. The department shall issue a receipt  
4503 stating the fact of such payment, which receipt shall be a license to  
4504 engage in such work or occupation. A licensee who has failed to renew  
4505 such licensee's license for a period of over one year from the date of  
4506 expiration of such license shall have it reinstated only upon complying

4507 with the requirements of section 20-333. All license fees and renewal  
4508 fees paid to the department pursuant to this section shall be deposited  
4509 in the General Fund.

4510 Sec. 77. Section 21a-7 of the general statutes is repealed and the  
4511 following is substituted in lieu thereof (*Effective from passage*):

4512 Each board or commission transferred to the Department of  
4513 Consumer Protection under section 21a-6 shall have the following  
4514 powers and duties:

4515 (1) Each board or commission shall exercise its statutory functions,  
4516 including licensing, certification, registration, accreditation of schools  
4517 and the rendering of findings, orders and adjudications, independently  
4518 of the Commissioner of Consumer Protection. The final decision of a  
4519 board or commission shall be subject to judicial review as provided in  
4520 section 4-183.

4521 (2) Each board or commission may, in its discretion, issue (A) an  
4522 appropriate order to any person found to be violating an applicable  
4523 statute or regulation providing for the immediate discontinuance of  
4524 the violation, (B) an order requiring the violator to make restitution for  
4525 any damage caused by the violation, or (C) both. Each board or  
4526 commission may, through the Attorney General, petition the superior  
4527 court for the judicial district wherein the violation occurred, or  
4528 wherein the person committing the violation resides or transacts  
4529 business, for the enforcement of any order issued by it and for  
4530 appropriate temporary relief or a restraining order and shall certify  
4531 and file in the court a transcript of the entire record of the hearing or  
4532 hearings, including all testimony upon which such order was made  
4533 and the findings and orders made by the board or commission. The  
4534 court may grant such relief by injunction or otherwise, including  
4535 temporary relief, as it deems equitable and may make and enter a  
4536 decree enforcing, modifying and enforcing as so modified, or setting  
4537 aside, in whole or in part, any order of a board or commission.

4538 (3) Each board or commission may conduct hearings on any matter  
4539 within its statutory jurisdiction. Such hearings shall be conducted in  
4540 accordance with chapter 54 and the regulations established pursuant to  
4541 subsection (a) of section 21a-9. In connection with any such hearing,  
4542 the board or commission may administer oaths, issue subpoenas,  
4543 compel testimony and order the production of books, records and  
4544 documents. If any person refuses to appear, testify or produce any  
4545 book, record or document when so ordered, a judge of the Superior  
4546 Court may make such order as may be appropriate to aid in the  
4547 enforcement of this section.

4548 (4) Each board or commission may request the Commissioner of  
4549 Consumer Protection to conduct an investigation and to make findings  
4550 and recommendations regarding any matter within the statutory  
4551 jurisdiction of the board or commission.

4552 (5) Each board or commission may recommend rules and  
4553 regulations for adoption by the Commissioner of Consumer Protection  
4554 and may review and comment upon proposed rules and regulations  
4555 prior to their adoption by said commissioner.

4556 (6) Each board or commission shall meet at least once in each  
4557 quarter of a calendar year and at such other times as the chairperson  
4558 deems necessary or at the request of a majority of the board or  
4559 commission members. A majority of the members shall constitute a  
4560 quorum except that for any examining board forty per cent of the  
4561 members shall constitute a quorum. Any member who fails to attend  
4562 three consecutive meetings or who fails to attend fifty per cent of all  
4563 meetings during any calendar year shall be deemed to have resigned  
4564 from office. Members of boards or commissions shall not serve for  
4565 more than two consecutive full terms which commence on or after July  
4566 1, 1982, except that if no successor has been appointed or approved,  
4567 such member shall continue to serve until a successor is appointed or  
4568 approved. Members shall not be compensated for their services but  
4569 shall be reimbursed for necessary expenses incurred in the

4570 performance of their duties.

4571 (7) In addition to any other action permitted under the general  
4572 statutes, each board or commission may upon a finding of any cause  
4573 specified in subsection (c) of section 21a-9: (A) Revoke or suspend a  
4574 license, registration or certificate; (B) issue a letter of reprimand to a  
4575 practitioner and send a copy of such letter to a complainant or to a  
4576 state or local official; (C) place a practitioner on probationary status  
4577 and require the practitioner to (i) report regularly to the board or  
4578 commission on the matter which is the basis for probation, (ii) limit the  
4579 practitioner's practice to areas prescribed by the board or commission,  
4580 or (iii) continue or renew the practitioner's education until the  
4581 practitioner has attained a satisfactory level of competence in any area  
4582 which is the basis for probation. Each board or commission may  
4583 discontinue, suspend or rescind any action taken under this  
4584 subsection.

4585 (8) Each examining board within the Department of Consumer  
4586 Protection shall conduct any hearing or other action required for an  
4587 application submitted pursuant to section 20-333, as amended by this  
4588 act, and any completed renewal application submitted pursuant to  
4589 section 20-335, as amended by this act, not later than thirty days after  
4590 the date of submission for such application or completed renewal  
4591 application, as applicable.

4592 Sec. 78. (NEW) (*Effective from passage*) (a) There is established an  
4593 account to be known as the "Main Street Investment Fund account"  
4594 which shall be a separate, nonlapsing account within the General  
4595 Fund. The account shall contain any moneys required by law to be  
4596 deposited in the account. Moneys in the account shall be expended by  
4597 the Office of Policy and Management for the purposes of providing  
4598 grants to municipalities with populations of not more than thirty  
4599 thousand or municipalities eligible for the small town economic  
4600 assistance program pursuant to section 4-66g of the general statutes for  
4601 eligible projects as defined in subsection (d) of this section.

4602 Municipalities shall apply for such grants in a manner to be  
4603 determined by the Secretary of the Office of Policy and Management.

4604 (b) In awarding such grants, the secretary shall determine that an  
4605 eligible project advances the municipality's approved plan pursuant to  
4606 subdivision (2) of subsection (d) of this section. Such advancements  
4607 may include, but not be limited to, facade or awning improvements;  
4608 sidewalk improvements or construction; street lighting; building  
4609 renovations, including mixed use of residential and commercial;  
4610 landscaping and development of recreational areas and greenspace;  
4611 bicycle paths; and other improvements or renovations deemed by the  
4612 secretary to contribute to the economic success of the municipality.

4613 (c) A grant received pursuant to this section shall be used for  
4614 improvements to property owned by the municipality, except the  
4615 municipality may use a portion of the proceeds of such grant to  
4616 provide a one-time reimbursement to owners of commercial private  
4617 property for eligible expenditures that directly support and enhance an  
4618 eligible project. The maximum allowable reimbursement for such  
4619 eligible expenditures to any such owner shall be fifty thousand dollars,  
4620 to be provided at the following rates: (1) Expenditures equal to or less  
4621 than fifty thousand dollars shall be reimbursed at a rate of fifty per  
4622 cent, and (2) any additional expenditures greater than fifty thousand  
4623 dollars but less than or equal to one hundred fifty thousand dollars  
4624 shall be reimbursed at a rate of twenty-five per cent.

4625 (d) For the purposes of this section:

4626 (1) "Eligible expenditures" include expenses for cosmetic and  
4627 structural exterior building improvements, signage, lighting and  
4628 landscaping that is visible from the street, including, but not limited to,  
4629 exterior painting or surface treatment, decorative awnings, window  
4630 and door replacements or modifications, storefront enhancements,  
4631 irrigation, streetscape, outdoor patios and decks, exterior wall lighting,  
4632 decorative post lighting and architectural features, but do not include  
4633 (A) any renovations that are solely the result of ordinary repair and

4634 maintenance, (B) improvements that are required to remedy a health,  
4635 housing or safety code violation, or (C) nonpermanent structures,  
4636 furnishings, movable equipment or other nonpermanent amenities.

4637 (2) "Eligible projects" means projects that are part of a plan  
4638 previously approved by the governing body of the municipality to  
4639 develop or improve town commercial centers to attract small  
4640 businesses, promote commercial viability, and improve aesthetics and  
4641 pedestrian access.

4642 Sec. 79. (*Effective from passage*) (a) For the purposes described in  
4643 subsection (b) of this section, the State Bond Commission shall have  
4644 the power, from time to time, to authorize the issuance of bonds of the  
4645 state in one or more series and in principal amounts not exceeding in  
4646 the aggregate ten million dollars, provided five million dollars of said  
4647 authorization shall be effective July 1, 2012.

4648 (b) The proceeds of the sale of said bonds, to the extent of the  
4649 amount stated in subsection (a) of this section, shall be used by the  
4650 Office of Policy and Management for the purposes of the Main Street  
4651 Investment Fund account established pursuant to section 78 of this act.

4652 (c) All provisions of section 3-20 of the general statutes, or the  
4653 exercise of any right or power granted thereby, which are not  
4654 inconsistent with the provisions of this section are hereby adopted and  
4655 shall apply to all bonds authorized by the State Bond Commission  
4656 pursuant to this section, and temporary notes in anticipation of the  
4657 money to be derived from the sale of any such bonds so authorized  
4658 may be issued in accordance with said section 3-20 and from time to  
4659 time renewed. Such bonds shall mature at such time or times not  
4660 exceeding twenty years from their respective dates as may be provided  
4661 in or pursuant to the resolution or resolutions of the State Bond  
4662 Commission authorizing such bonds. None of said bonds shall be  
4663 authorized except upon a finding by the State Bond Commission that  
4664 there has been filed with it a request for such authorization which is  
4665 signed by or on behalf of the Secretary of the Office of Policy and

4666 Management and states such terms and conditions as said commission,  
4667 in its discretion, may require. Said bonds issued pursuant to this  
4668 section shall be general obligations of the state and the full faith and  
4669 credit of the state of Connecticut are pledged for the payment of the  
4670 principal of and interest on said bonds as the same become due, and  
4671 accordingly and as part of the contract of the state with the holders of  
4672 said bonds, appropriation of all amounts necessary for punctual  
4673 payment of such principal and interest is hereby made, and the State  
4674 Treasurer shall pay such principal and interest as the same become  
4675 due.

4676 Sec. 80. (NEW) (*Effective from passage*) (a) As used in this section and  
4677 sections 81 to 88, inclusive, of this act unless the context indicates a  
4678 different meaning:

4679 (1) "State agency" or "agency" means any office, department, board,  
4680 council, commission, institution or other agency in the executive  
4681 branch of state government or a quasi-public agency as defined in  
4682 section 1-120 of the general statutes;

4683 (2) "Private entity" means any individual, corporation, general  
4684 partnership, limited partnership, limited liability partnership, joint  
4685 venture, nonprofit organization or other business entity;

4686 (3) "Public-private partnership" means the relationship established  
4687 between a state agency and a private entity by contracting for the  
4688 performance of any combination of specified functions or  
4689 responsibilities to design, develop, finance, construct, operate or  
4690 maintain one or more state facilities where the agency has estimated  
4691 that the revenue generated by such facility or facilities, in combination  
4692 with other previously identified funding sources, including any  
4693 appropriated funds, will be sufficient to fund the cost to develop,  
4694 maintain and operate such facility or facilities, provided state support  
4695 of a partnership agreement shall not exceed twenty-five per cent of the  
4696 cost of the project;

4697 (4) "Partnership agreement" means an agreement executed between  
4698 a state agency and a private entity to establish a public-private  
4699 partnership;

4700 (5) "Project" means a project that an agency has submitted to the  
4701 Governor for approval as a public-private partnership;

4702 (6) "Contractor" means a private entity that has entered into a  
4703 public-private partnership agreement with a state agency;

4704 (7) "Facility" means any public works or transportation project used  
4705 as public infrastructure that generates revenue as a function of its  
4706 operation; and

4707 (8) "Proposer" means a private entity submitting a competitive bid  
4708 in response to solicitation or a proposal in response to a request for  
4709 proposals for an approved project for consideration.

4710 (b) Notwithstanding the provisions of section 4b-51 of the general  
4711 statutes, once the project is approved by the Governor in accordance  
4712 with section 81 of this act, any state agency may establish one or more  
4713 public-private partnerships and execute a partnership agreement for a  
4714 project in accordance with this section and sections 81 to 88, inclusive,  
4715 of this act. A partnership agreement may not be established for the  
4716 operation or maintenance of a facility unless such agreement also  
4717 provides for the financing and development of such facility.

4718 (c) The design, development, operation or maintenance of the  
4719 following new or existing project types are eligible for consideration as  
4720 a public-private partnership if approved as a project in accordance  
4721 with section 81 of this act:

4722 (1) Early childcare, educational, health or housing facilities;

4723 (2) Transportation systems, including ports, transit-oriented  
4724 development and related infrastructure; and

4725 (3) Any other kind of facility that may from time to time be  
4726 designated as such by an act of the General Assembly.

4727 Sec. 81. (NEW) (*Effective from passage*) (a) On and after the effective  
4728 date of this section and prior to January 1, 2015, the Governor shall  
4729 approve not more than five projects to be implemented as public-  
4730 private partnership projects. The Governor shall not approve any such  
4731 project unless the Governor finds that the project will result in job  
4732 creation and economic growth. Any agency seeking to establish a  
4733 public-private partnership shall, after consultation with the  
4734 Commissioners of Economic and Community Development,  
4735 Construction Services and Transportation, the State Treasurer and the  
4736 Secretary of the Office of Policy and Management, submit one or more  
4737 projects to the Governor for approval.

4738 (b) In determining whether a project is suitable for a public-private  
4739 partnership agreement, the agency shall conduct an analysis of the  
4740 feasibility, desirability and the convenience to the public of the project  
4741 and whether the project furthers the public policy goals of section 80,  
4742 this section and sections 82 to 88, inclusive, of this act, taking into  
4743 consideration the following, when applicable:

4744 (1) The essential characteristics of the proposed facility;

4745 (2) The projected demand for use of the facility and its economic  
4746 and social impact on the community and the state;

4747 (3) The technical function and feasibility of the project and its  
4748 conformity with the state plan of conservation and development  
4749 adopted under chapter 297 of the general statutes;

4750 (4) The benefit to clients of the agency and the public as a whole;

4751 (5) An analysis of the value provided for the cost of the project, that  
4752 at a minimum includes a cost-benefit analysis, an assessment of  
4753 opportunity costs and any nonfinancial benefits of the project;

4754 (6) Any operational or technological risk associated with the  
4755 proposed project;

4756 (7) The cost of the investment to be made and the economic and  
4757 financial feasibility of the project;

4758 (8) An analysis of public versus private financing on a present value  
4759 basis, and the eligibility of the project for other public funds from local  
4760 or federal government sources;

4761 (9) The impact to the state's finances of undertaking the project by  
4762 the agency; and

4763 (10) The advantages and disadvantages of using a public-private  
4764 partnership rather than having the state agency perform the function.

4765 (c) An agency shall not include a project solely based upon the  
4766 amount of potential revenue generated by such project.

4767 (d) Any agency submitting a project in accordance with subsection  
4768 (a) of this section shall at the same time transmit, in accordance with  
4769 the provisions of section 11-4a of the general statutes, a copy of its  
4770 submission to the joint standing committees of the General Assembly  
4771 having cognizance of matters relating to finance, revenue and bonding  
4772 and appropriations and the budgets of state agencies. Said committees  
4773 shall hold public hearings on any such submission.

4774 (e) The Governor shall notify the agency when a project has been  
4775 approved as a public-private partnership project.

4776 (f) On or before January 15, 2013, and annually thereafter, the  
4777 Governor shall report, in accordance with the provisions of section 11-  
4778 4a of the general statutes, to the General Assembly concerning the  
4779 status of the public-private partnerships established under this section.

4780 Sec. 82. (NEW) (*Effective from passage*) (a) Notwithstanding the  
4781 provisions of section 4b-91 of the general statutes and chapter 242 of

4782 the general statutes, the agency shall, when it determines appropriate,  
4783 provide for a process of prequalification for private entities. Any such  
4784 process shall include public notice of the prequalification process and  
4785 the requirements and the criteria the agency will use in determining  
4786 whether the private entity qualifies for prequalification. Any agency  
4787 that has determined that such a prequalification process is appropriate  
4788 for the project shall allow only prequalified private entities to be a  
4789 proposer. The agency may charge a reasonable application fee for  
4790 prequalification.

4791 (b) In addition to any requirements set forth in the request for  
4792 proposals, request for qualifications or bid solicitation for a public-  
4793 private partnership project in order to be prequalified, a private entity  
4794 shall:

4795 (1) Have available such lawful sources of funding, capital, securities  
4796 or other financial resources that, in the judgment of the agency in  
4797 consultation with the Department of Economic and Community  
4798 Development, are necessary to carry out the public-private partnership  
4799 project if such private entity is selected as the contractor;

4800 (2) Possess either through its staff, subcontractors, a consortium or  
4801 joint venture agreement the managerial, organizational, technical  
4802 capacity and experience in the type of project for which the proposer is  
4803 submitting a bid proposal;

4804 (3) Be qualified to lawfully conduct business in this state; and

4805 (4) Certify that no director, officer, partner, owner or other  
4806 individual with direct and significant control over the policy of the  
4807 private entity has been convicted of corruption or fraud in any  
4808 jurisdiction of the United States.

4809 Sec. 83. (NEW) (*Effective from passage*) (a) Any agency seeking to  
4810 enter into a public-private partnership shall conduct a competitive  
4811 procurement process for the selection of a contractor. The agency shall

4812 use, where appropriate, in accordance with the nature and scope of the  
4813 project, (1) competitive bidding, as defined in section 4e-1 of the  
4814 general statutes, or (2) competitive negotiation, as defined in section  
4815 4a-250 of the general statutes.

4816 (b) Prior to beginning a competitive procurement process in  
4817 accordance with subsection (a) of this section, an agency may issue a  
4818 request for information to obtain information regarding potential  
4819 public-private partnership projects.

4820 (c) In conducting the competitive procurement process, the agency  
4821 shall meet the following requirements in addition to the requirements  
4822 set forth in subsection (a) of this section:

4823 (1) Contain, within the bid specifications, a detailed description of  
4824 the scope of the proposed public-private partnership project;

4825 (2) Contain the material terms and conditions of the terms  
4826 applicable to the procurement and any contract that results;

4827 (3) Provide public notice of the invitation to bid, request for  
4828 proposal or request for information not less than thirty days prior to  
4829 the due date, unless the agency head makes a written determination  
4830 that a lesser time period is appropriate and will preserve the  
4831 competitive nature of the procurement; and

4832 (4) Publish the evaluation and selection criteria and shall include a  
4833 determination which proposals best serve the public purpose of  
4834 sections 80 to 88, inclusive, of this act.

4835 (d) The agency may pay a stipend to an unsuccessful proposer, in an  
4836 amount and on the terms and conditions determined by the agency as  
4837 reasonable, if (1) the agency cancels the procurement process less than  
4838 thirty days prior to the date the bid or proposal is due, or (2) the  
4839 unsuccessful proposer submits a proposal that is responsive and meets  
4840 all the requirements established by the agency for the public-private  
4841 partnership project. The agency may require the proposer to grant the

4842 agency the right to use any work product contained in any  
4843 unsuccessful proposal, or in the event of a cancelled procurement as  
4844 set forth in this section, any work product developed prior to  
4845 cancellation, including designs, processes, technologies and  
4846 information. All conditions for a stipend shall be clearly set forth in the  
4847 request for information, bid solicitation, request for proposal or  
4848 request for qualifications.

4849 (e) The agency may retain financial, legal and other consultants and  
4850 experts to assist in the procurement, evaluation and negotiation of  
4851 public-private partnerships and for the development of eligible  
4852 facilities in accordance with sections 80 to 88, inclusive, of this act.  
4853 Such services may be procured through a contract with a private entity  
4854 or with another state agency.

4855 Sec. 84. (NEW) (*Effective from passage*) (a) Any partnership  
4856 agreement executed in accordance with the provisions of sections 80 to  
4857 88, inclusive, of this act shall include, but not be limited to, the  
4858 following terms and conditions:

4859 (1) The term of the agreement, which shall be for a period not to  
4860 exceed fifty years from the date of the full execution of the partnership  
4861 agreement;

4862 (2) A complete description of the facility to be developed and the  
4863 functions to be performed;

4864 (3) The terms of the financing, development, design, improvement,  
4865 maintenance, operation and administration of the facility;

4866 (4) The rights the state, the contractor, or both, have, if any, in  
4867 revenue from the financing, development, design, improvement,  
4868 maintenance, operation or administration of the facility;

4869 (5) The minimum quality standards applicable to the project for  
4870 development, design, improvement, maintenance, operation or  
4871 administration of the facility, including performance criteria,

4872 incentives and disincentives;

4873 (6) The compensation of the contractor, including the extent to  
4874 which and the terms upon which a contractor may charge fees to  
4875 individuals and entities for the use of the facility, but in no event shall  
4876 such fee extend to the imposition of tolls on the highways of this state  
4877 unless such tolls are specifically approved by the General Assembly;

4878 (7) The furnishing of an annual independent audit report to the  
4879 agency covering all aspects of the partnership agreement;

4880 (8) Performance and payment bonds or other security deemed  
4881 suitable by the agency;

4882 (9) One or more policies of public liability insurance in such  
4883 amounts determined by the agency to ensure coverage of tort liability  
4884 for the public and employees of the contractor and to provide for the  
4885 continued operation of the partnership project;

4886 (10) A reverter of the project to the state upon the conclusion or  
4887 termination of the partnership agreement;

4888 (11) The rights and remedies available to the agency for a material  
4889 breach of the partnership agreement by the contractor or private entity  
4890 or if there is a material default;

4891 (12) Identification of funding sources to be used to fully fund the  
4892 capital, operation, maintenance or other expenses under the  
4893 agreement; and

4894 (13) Any other provision determined to be appropriate by the  
4895 agency.

4896 (b) No partnership agreement shall contain any noncompete  
4897 provisions limiting the ability of the state to perform its functions.

4898 (c) No user fees may be imposed by the contractor except as set  
4899 forth in a partnership agreement.

4900 (d) The partnership agreement shall not be construed as waiving the  
4901 sovereign immunity of the state or as a grant of sovereign immunity to  
4902 the contractor or any private entity.

4903 (e) No contractor shall be liable for the debts or obligations of the  
4904 state or the agency, unless the partnership agreement provides that  
4905 such contractor is liable under such agreement.

4906 Sec. 85. (NEW) (*Effective from passage*) The state agency or the state  
4907 may apply for and accept funds from local or federal government and  
4908 other sources of financial aid to further the purposes of this section and  
4909 sections 80 to 88, inclusive, of this act, and to fund public-private  
4910 partnerships entered into in accordance with said sections.

4911 Sec. 86. (NEW) (*Effective from passage*) (a) Each public-private  
4912 partnership project shall either be subject to the prevailing wage  
4913 requirements pursuant to section 31-53 of the general statutes or the  
4914 rate established by the use of a project labor agreement. The agency  
4915 shall provide notice of which requirement applies prior to soliciting  
4916 bids or proposals for such public-private partnership.

4917 (b) Each public-private partnership project shall comply with: (1)  
4918 The state's environmental policy requirements as set forth in sections  
4919 22a-1 and 22a-1a of the general statutes, (2) the requirements of the set-  
4920 aside program for small contractors as set forth in section 4a-60g of the  
4921 general statutes, and (3) any applicable permitting or inspection  
4922 requirements for projects of a similar type, scope and size as set forth  
4923 in the general statutes or the local ordinances of the municipality  
4924 where the project is to be located.

4925 (c) Any agency that is subject to section 4e-16 of the general statutes  
4926 shall comply with the provisions of section 4e-16 of the general  
4927 statutes, provided, notwithstanding the provisions of subsection (a) of  
4928 section 4e-16 of the general statutes, any agency that enters into a  
4929 partnership agreement concerning the operations or maintenance of a  
4930 state facility that meets the definition of a privatization contract, as

4931 defined in section 4e-1 of the general statutes, shall be subject to the  
4932 requirements of section 4e-16 of the general statutes regardless of  
4933 whether such services are currently privatized.

4934 Sec. 87. (NEW) (*Effective from passage*) (a) In addition to any other  
4935 remedy available to the state, in the event of a material default by the  
4936 contractor, the state may elect to assume the responsibilities and duties  
4937 of the contractor of the public-private partnership project, and in such  
4938 case, the state shall succeed to all of the rights, title and interest in such  
4939 partnership project, subject to any liens on revenue previously granted  
4940 by the contractor to any person providing financing thereof.

4941 (b) Any state agency having the power of condemnation under state  
4942 law may exercise such power of condemnation to acquire the public-  
4943 private partnership project in the event of a material default by the  
4944 contractor. Any person who has provided financing for the public-  
4945 private partnership project, and the contractor, to the extent of its  
4946 capital investment, may participate in the condemnation proceedings  
4947 with the standing of a property owner.

4948 (c) The agency may terminate, with cause, the partnership  
4949 agreement and exercise any other rights and remedies that may be  
4950 available to it at law or in equity.

4951 (d) The state may make or cause to be made any appropriate claims  
4952 under the maintenance, performance or payment bonds, or lines of  
4953 credit, as set forth in the partnership agreement.

4954 (e) In the event the state elects to assume the responsibility and  
4955 duties of a partnership project pursuant to subsection (a), the agency  
4956 may develop or operate the public-private partnership project, impose  
4957 user fees, impose and collect lease payments for the use thereof and  
4958 comply with any service contracts as if it were the contractor. Any  
4959 revenue that is subject to a lien shall be collected for the benefit of and  
4960 paid to secured parties, as their interests may appear, to the extent  
4961 necessary to satisfy the contractor's obligations to secured parties,

4962 including the maintenance of reserves. Such liens shall be  
 4963 correspondingly reduced and, when paid off, released. Before any  
 4964 payments to, or for the benefit of, secured parties, the agency may use  
 4965 revenue to pay current operation and maintenance costs of the  
 4966 qualifying project, including compensation to the agency for its  
 4967 services in operating and maintaining the public-private partnership  
 4968 project. The right to receive such payment, if any, shall be considered  
 4969 just compensation for the project. The full faith and credit of the  
 4970 agency shall not be pledged to secure any financing of the contractor  
 4971 by the election to take over such project. The assumption of the  
 4972 operation of the partnership project shall not obligate the agency to  
 4973 pay any obligation of the contractor from sources other than revenue.

4974 Sec. 88. (NEW) (*Effective from passage*) Any property developed,  
 4975 operated or held by a private entity pursuant to a partnership  
 4976 agreement shall be exempt from municipal property tax.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	32-1m(a)
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	14-298
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	22-6d
Sec. 13	<i>from passage</i>	22-6e(a)
Sec. 14	<i>from passage</i>	22-6c
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage</i>	30-37l
Sec. 17	<i>from passage</i>	New section
Sec. 18	<i>from passage</i>	PA 11-140, Sec. 4

Sec. 19	<i>January 1, 2012, and applicable to income or taxable years commencing on or after January 1, 2012</i>	New section
Sec. 20	<i>from passage</i>	12-217ii(e) to (g)
Sec. 21	<i>from passage</i>	12-217nn(d)
Sec. 22	<i>from passage</i>	12-217oo
Sec. 23	<i>from passage</i>	12-284b(b)
Sec. 24	<i>from passage</i>	New section
Sec. 25	<i>from passage</i>	New section
Sec. 26	<i>from passage</i>	32-9cc(b)
Sec. 27	<i>from passage</i>	4b-23(a)
Sec. 28	<i>from passage</i>	New section
Sec. 29	<i>from passage</i>	12-704d(b)
Sec. 30	<i>from passage</i>	New section
Sec. 31	<i>from passage</i>	New section
Sec. 32	<i>from passage</i>	New section
Sec. 33	<i>from passage</i>	10-220d
Sec. 34	<i>from passage</i>	10-95h
Sec. 35	<i>from passage</i>	10-20a
Sec. 36	<i>from passage</i>	10-20b
Sec. 37	<i>from passage</i>	New section
Sec. 38	<i>from passage</i>	PA 11-86, Sec. 1
Sec. 39	<i>from passage</i>	New section
Sec. 40	<i>from passage</i>	32-75d
Sec. 41	<i>from passage</i>	12-81(59)(c)
Sec. 42	<i>from passage</i>	12-81(60)(c)
Sec. 43	<i>from passage</i>	32-9p(d)
Sec. 44	<i>from passage</i>	32-9r
Sec. 45	<i>from passage</i>	32-9s
Sec. 46	<i>from passage</i>	New section
Sec. 47	<i>from passage</i>	32-235(a)
Sec. 48	<i>from passage</i>	32-9t(i)(1)
Sec. 49	<i>from passage</i>	New section
Sec. 50	<i>from passage</i>	New section
Sec. 51	<i>from passage</i>	PA 11-80, Sec. 49
Sec. 52	<i>from passage</i>	New section
Sec. 53	<i>from passage</i>	12-217jj(a)
Sec. 54	<i>from passage</i>	12-211a(a)(2)
Sec. 55	<i>from passage</i>	12-217kk(b)(4)

Sec. 56	July 1, 2012	38a-91aa
Sec. 57	July 1, 2012	38a-91bb
Sec. 58	July 1, 2012	38a-91dd
Sec. 59	July 1, 2012	38a-91ee
Sec. 60	July 1, 2012	38a-91ff
Sec. 61	July 1, 2012	38a-91gg
Sec. 62	July 1, 2012	38a-91hh
Sec. 63	July 1, 2012	38a-91ii
Sec. 64	July 1, 2012	38a-91jj(a)
Sec. 65	July 1, 2012	38a-91kk(c)
Sec. 66	July 1, 2012, and applicable to calendar years commencing on or after January 1, 2012	38a-91nn
Sec. 67	July 1, 2012	38a-91oo
Sec. 68	July 1, 2012	38a-91pp
Sec. 69	July 1, 2012	38a-91qq
Sec. 70	July 1, 2012	New section
Sec. 71	July 1, 2012	New section
Sec. 72	July 1, 2012	New section
Sec. 73	July 1, 2012	PA 11-58, Sec. 63(b)
Sec. 74	from passage	20-332
Sec. 75	from passage	20-333
Sec. 76	from passage	20-335
Sec. 77	from passage	21a-7
Sec. 78	from passage	New section
Sec. 79	from passage	New section
Sec. 80	from passage	New section
Sec. 81	from passage	New section
Sec. 82	from passage	New section
Sec. 83	from passage	New section
Sec. 84	from passage	New section
Sec. 85	from passage	New section
Sec. 86	from passage	New section
Sec. 87	from passage	New section
Sec. 88	from passage	New section