



General Assembly

February Session, 2012

Raised Bill No. 5105

LCO No. 777

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Referred to Committee on Commerce

Introduced by:

(CE)

AN ACT CONCERNING THE JOB EXPANSION TAX CREDIT PROGRAM AND INDIVIDUALS RECEIVING CERTAIN SERVICES FROM THE DEPARTMENTS OF MENTAL HEALTH AND ADDICTION SERVICES AND DEVELOPMENTAL SERVICES.

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

1 Section 1. Section 12-217pp of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage and applicable to income or taxable years commencing*
4 *on or after January 1, 2012*):

5 (a) As used in this section:

6 (1) "Commissioner" means the Commissioner of Economic and
7 Community Development;

8 (2) "Control", with respect to a corporation, means ownership,
9 directly or indirectly, of stock possessing fifty per cent or more of the
10 total combined voting power of all classes of the stock of such
11 corporation entitled to vote. "Control", with respect to a trust, means
12 ownership, directly or indirectly, of fifty per cent or more of the
13 beneficial interest in the principal or income of such trust. The

14 ownership of stock in a corporation, of a capital or profits interest in a
15 partnership, limited liability company or association or of a beneficial
16 interest in a trust shall be determined in accordance with the rules for
17 constructive ownership of stock provided in Section 267(c) of the
18 Internal Revenue Code of 1986, or any subsequent corresponding
19 internal revenue code of the United States, as from time to time
20 amended, other than paragraph (3) of said Section 267(c);

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

25 (4) "Income year" means, with respect to entities subject to the
26 insurance premiums tax under chapter 207, the corporation business
27 tax under this chapter, the utility companies tax under chapter 212 or
28 the income tax under chapter 229, the income year as determined
29 under each of said chapters, as the case may be;

30 (5) "New employee" means a person who resides in this state and is
31 hired by a taxpayer on or after January 1, 2012, and prior to January 1,
32 2014, to fill a new job. "New employee" does not include a person who
33 was employed in this state by a related person with respect to a
34 taxpayer during the prior twelve months;

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

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

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

48 (B) Is (i) receiving vocational rehabilitation services from the Bureau
49 of Rehabilitative Services, (ii) receiving employment services from the
50 Department of Mental Health and Addiction Services, or (iii)
51 participating in employment opportunities and day services, as
52 defined in section 17a-226, operated or funded by the Department of
53 Developmental Services;

54 (8) "Related person" means (A) a corporation, limited liability
55 company, partnership, association or trust controlled by the taxpayer,
56 (B) an individual, corporation, limited liability company, partnership,
57 association or trust that is in control of the taxpayer, (C) a corporation,
58 limited liability company, partnership, association or trust controlled
59 by an individual, corporation, limited liability company, partnership,
60 association or trust that is in control of the taxpayer, or (D) a member
61 of the same controlled group as the taxpayer;

62 (9) "Taxpayer" means a person that (A) has been in business for at
63 least twelve consecutive months prior to the date of the taxpayer's
64 application to the commissioner for certification under this section for
65 a job expansion tax credit, and (B) is subject to tax under this chapter
66 or chapter 207, 212 or 229; and

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

71 (b) (1) There is established a job expansion tax credit program
72 whereby a taxpayer may be allowed a credit against the tax imposed
73 under this chapter or chapter 207, 212 or 229, other than the liability
74 imposed by section 12-707, for each new, qualifying or veteran
75 employee hired on or after January 1, 2012, and prior to January 1,

76 2014. For taxpayers that employ not more than fifty employees in full-
77 time jobs in this state on the date of application to the commissioner
78 for certification under this section, the creation of at least one new job
79 in this state shall be required for said tax credit. For taxpayers that
80 employ more than fifty, but not more than one hundred employees in
81 full-time jobs in this state on the date of application to the
82 commissioner for certification under this section, the creation of at
83 least five new jobs in this state shall be required for said tax credit. For
84 taxpayers that employ more than one hundred employees in full-time
85 jobs in this state on the date of application to the commissioner for
86 certification under this section, the creation of at least ten new jobs in
87 this state shall be required for said tax credit.

88 (2) For the purposes of determining the number of new jobs a
89 taxpayer is required to create in order to claim a credit under this
90 section, the number of employees working in full-time jobs the
91 taxpayer employs in this state on the date of its application to the
92 commissioner for certification under this section shall apply to such
93 taxpayer for the duration of such certification.

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

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

96 (2) Nine hundred dollars per month for each qualifying or veteran
97 employee.

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

102 (2) If the taxpayer is an S corporation or an entity treated as a
103 partnership for federal income tax purposes, the shareholders or
104 partners of such taxpayer may claim the credit. If the taxpayer is a
105 single member limited liability company that is disregarded as an

106 entity separate from its owner, the limited liability company's owner
107 may claim the credit.

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

112 (4) No taxpayer claiming the credit under this section with respect
113 to a new, qualifying or veteran employee shall claim any credit against
114 any tax under any other provision of the general statutes with respect
115 to the same new, qualifying or veteran employee.

116 (e) (1) To be eligible to claim the credit, a taxpayer shall apply to the
117 commissioner in accordance with the provisions of this section. The
118 application shall be on a form provided by the commissioner and shall
119 contain sufficient information as required by the commissioner,
120 including, but not limited to, the activities that the taxpayer primarily
121 engages in, the North American Industrial Classification System code
122 of the taxpayer, the current number of employees employed by the
123 taxpayer as of the application date, and if applicable, the name and
124 position or job title of the new, qualifying or veteran employee. The
125 commissioner shall consult with the Labor Commissioner, the director
126 of the Bureau of Rehabilitative Services or the Commissioner of
127 Veterans' Affairs, Mental Health and Addiction Services or
128 Developmental Services, as applicable, for any verification the
129 commissioner deems necessary of unemployment compensation or
130 vocational rehabilitation services received by a qualifying employee, or
131 of service in the armed forces of the United States by a veteran
132 employee. The commissioner may impose a fee for such application as
133 the commissioner deems appropriate.

134 (2) Upon receipt of an application, the commissioner shall render a
135 decision, in writing, on each completed application not later than thirty
136 days after the date of its receipt by the commissioner. If the
137 commissioner approves such application, the commissioner shall issue

138 a certification letter to the taxpayer indicating that the credit will be
139 available to be claimed by the taxpayer if the taxpayer and new,
140 qualifying or veteran employee otherwise meets the requirements of
141 this section.

142 (f) (1) The total amount of credits granted under this section and
143 sections 12-217ii, 12-217nn and 12-217oo shall not exceed twenty
144 million dollars in any one fiscal year.

145 (2) If a taxpayer was issued an eligibility certificate by the
146 commissioner prior to January 1, 2012, to receive a jobs creation tax
147 credit pursuant to section 12-217ii, the provisions of the tax credit
148 program pursuant to said section 12-217ii shall apply to such taxpayer
149 for the duration of the eligibility certificate.

150 (3) If a taxpayer is issued a certification letter by the commissioner
151 prior to January 1, 2013, to receive a qualified small business job
152 creation tax credit pursuant to section 12-217nn, the provisions of the
153 tax credit program pursuant to said section 12-217nn shall apply to
154 such taxpayer for the duration of such certification.

155 (4) If a taxpayer was issued a certification letter by the commissioner
156 prior to January 1, 2012, to receive a vocational rehabilitation job
157 creation tax credit pursuant to section 12-217oo, the provisions of the
158 tax credit program pursuant to said section 12-217oo shall apply to
159 such taxpayer for the duration of such certification.

160 (g) No credit allowed under this section shall exceed the amount of
161 tax imposed on a taxpayer under this chapter or chapter 207, 212 or
162 229. The commissioner shall annually provide to the Commissioner of
163 Revenue Services a list detailing all credits that have been approved
164 and all taxpayers that have been issued a certification letter under this
165 section.

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to income or taxable years commencing on or after January 1, 2012</i>	12-217pp

Statement of Purpose:

To allow employers that hire individuals receiving employment services through the Departments of Mental Health and Addiction Services and Developmental Services to qualify for the job expansion tax credit program.

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