



General Assembly

January Session, 2013

Committee Bill No. 390

LCO No. 4151



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT MAKING PERMANENT THE JOB EXPANSION TAX CREDIT PROGRAM.

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

1 Section 1. Section 12-217pp of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) As used in this section:

4 (1) "Commissioner" means the Commissioner of Economic and
5 Community Development;

6 (2) "Control", with respect to a corporation, means ownership,
7 directly or indirectly, of stock possessing fifty per cent or more of the
8 total combined voting power of all classes of the stock of such
9 corporation entitled to vote. "Control", with respect to a trust, means
10 ownership, directly or indirectly, of fifty per cent or more of the
11 beneficial interest in the principal or income of such trust. The
12 ownership of stock in a corporation, of a capital or profits interest in a
13 partnership, limited liability company or association or of a beneficial
14 interest in a trust shall be determined in accordance with the rules for

15 constructive ownership of stock provided in Section 267(c) of the
16 Internal Revenue Code of 1986, or any subsequent corresponding
17 internal revenue code of the United States, as from time to time
18 amended, other than paragraph (3) of said Section 267(c);

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

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

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

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

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

43 (A) (i) Is receiving unemployment compensation, or (ii) has
44 exhausted unemployment compensation benefits and has not had an

45 intervening full-time job; or

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

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

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

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

69 (b) (1) There is established a job expansion tax credit program
70 whereby a taxpayer may be allowed a credit against the tax imposed
71 under this chapter or chapter 207, 212 or 229, other than the liability
72 imposed by section 12-707, for each new, qualifying or veteran
73 employee hired on or after January 1, 2012, [and prior to January 1,
74 2014.] For taxpayers that employ not more than fifty employees in full-
75 time jobs in this state on the date of application to the commissioner

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

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

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

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

94 (2) Nine hundred dollars per month for each qualifying or veteran
95 employee.

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

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

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

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

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

132 (2) Upon receipt of an application, the commissioner shall render a
133 decision, in writing, on each completed application not later than thirty
134 days after the date of its receipt by the commissioner. If the
135 commissioner approves such application, the commissioner shall issue
136 a certification letter to the taxpayer indicating that the credit will be
137 available to be claimed by the taxpayer if the taxpayer and new,

138 qualifying or veteran employee otherwise meets the requirements of
139 this section.

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

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

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

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

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

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

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2013	12-217pp
-----------	--------------	----------

Statement of Purpose:

To make permanent the job expansion tax credit.

[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.]

Co-Sponsors: SEN. BOUCHER, 26th Dist.

S.B. 390