



OLR RESEARCH REPORT

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2013 COMMERCE BILLS REFERRED TO FINANCE

By: John Rappa, Chief Analyst

You asked for summaries of the bills the Commerce Committee referred to the Finance, Revenue and Bonding Committee.

sSB 390, AA EXTENDING THE JOB EXPANISON TAX CREDIT PROGRAM

This bill extends the sunset date for the job expansion tax credit program by two years, from January 1, 2014, to January 1, 2016. Under current law, a business qualifies for the credit if it creates new jobs and hires Connecticut residents to fill them. The credit amount is (1) \$500 per month per job or (2) \$900 per month per job filled by Connecticut residents meeting specified criteria. The total amount of credits available for all businesses is \$20 million per year.

Effective Date: July 1, 2013

SB 527, AA AUTHORIZING BONDS OF THE STATE FOR ECONOMIC DEVELOPMENT PROJECTS

This bill authorizes \$9.25 million in state general obligation bonds for the projects shown in Table 1.

Table 1: Projects Authorized for Bond Funding under SB 527

Bill Section	Project	Bond Amount
1	Milford-Orange YMCA facility renovations	\$500,000
2	Greater Waterbury Boys and Girls Club roof repairs	\$250,000
3	Mystic Seaport's Whaleship Charles W. Morgan renovation and restoration	\$1,000,000
4	New Haven Shubert Theater repairs and renovations	\$1,500,000
5	West Haven Arts Center improvements	\$1,000,000
6	New London Lyman Allyn Art Museum natural heating, ventilation, and air conditioning system acquisition	\$1,500,000
7	East Windsor Connecticut Trolley Museum improvements and expansion	\$3,500,000

Effective Date: July 1, 2013

SB 838, AA ESTABLISHING A FUND FOR BIOSCIENCE INNOVATION

This bill creates a fund for improving or developing a wide range of commercially viable bioscience products and services proposed by nonprofit corporations, for-profit start-ups and early stage businesses, and colleges and universities. The fund's proceeds can be used to provide different types of financial assistance, including grants, loans, and equity investments. Repayments and returns on the fund's investment must be returned to the fund or used for the other purposes the bill specifies.

It capitalizes the fund by authorizing up to \$200 million in state general obligation bonds over 10 years, which the State Bond Commission must issue under a memorandum of understanding, subject to its approval, between Connecticut Innovations, Inc. (CII, the fund's administrator), the Office of Policy and Management, and the treasurer. Table 2 shows the schedule for issuing the bonds.

Table 2: Schedule for Issuing Bonds under SB 838

<i>FY</i>	<i>Amount</i>
2013	\$10 million
2014	\$10 million
2015	\$15 million
2016	\$15 million
2017	\$25 million
2018	\$25 million
2019	\$25 million
2020	\$25 million
2012	\$25 million
2022	\$25 million

The bill establishes a 13-member Bioscience Innovation Advisory Committee to approve proposed projects, with CII providing the administrative support. CII can use up to 5% of each year's authorized amount to cover the cost of administering the fund.

Effective Date: Upon passage

sSB 941, AAC SALES AND USE TAX RELIEF BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

This bill allows the economic and community development commissioner to exempt from the sales and use tax tangible personal property and service developers buy and incorporate in economic development projects costing under \$2.5 million. When approving an exemption, the commissioner may condition or limit how a business may use the exemption and specify the type of property and services to which it applies.

Current law allows CII's governing board to grant sales and use tax exemptions for economic development projects, a power it inherited from the Connecticut Development Authority when the legislature merged the two quasi-public agencies.

Effective Date: July 1, 2013

sSB 1005 AAC VARIOUS BOND AUTHORIZATIONS

This bill authorizes state general obligation bonds for various projects, but for some, does not specify the amount. Table 3 lists the projects and, when specified, the amounts.

Table 3: Projects Authorized for Bond Funding under sSB 1005

Bill Section	Project	Amount
1	West Haven Phase II streetscaping project	\$1,000,000
2	Hartford Institute for the Hispanic Family: Renovation of historic Frank and Katherine Secoll House for therapeutic preschool classroom and space for parenting classes	\$250,000
3	Shakespeare Theater renovation (Stratford)	Unspecified
4	New Haven Works jobs pipeline program	Unspecified
5	New Haven youth community center	\$750,000
6	North Branch Library (Bridgeport) parking lot lights	Unspecified
7	New Haven street grid system for medical district parcel development	Unspecified
8	Kimberly Park (New Haven) renovations	Unspecified
9	Griswold Park (New Haven) renovations	Unspecified

Effective Date: July 1, 2013

sSB 1079, AA INCREASING THE MANUFACTURING APPRENTICESHIP TAX CREDIT

This bill increases the maximum annual credit for hiring manufacturing apprentices from \$4,800 to \$7,500 per apprentice. Under current law and the bill, businesses calculate the credit amount by multiplying the total number of apprentice work hours by a statutorily

set rate for the first half of a two-year apprenticeship or the first three-quarters of a four-year apprenticeship. The bill increases the rate from \$4 per hour to \$6 per hour.

Effective Date: July 1, 2013

sSB 1131, AAC CHANGES TO THE CONNECTICUT HISTORIC HOME TAX CREDIT

This bill expands the historic home tax credit by:

1. making it available statewide, not just in statutorily designated areas;
2. reducing the minimum amount of money a property owner must spend rehabilitating a historic home from \$25,000 to \$15,000; and
3. raising the maximum amount of credits a nonprofit corporation can claim for rehabilitating such a home from \$30,000 to \$50,000.

By law, the credit applies to the insurance premium, corporation business, air carrier, railroad companies, community antenna and satellite TV companies, and utility company taxes.

Effective Date: July 1, 2013 and applicable to income years on or after January 1, 2013

sSB 1132, AAC THE EXTENTION OF THE ANGEL INVESTOR TAX CREDIT AND REQUIRING A STUDY CONCERNING THE EXPANSION OF BUSINESS TAX CREDITS

This bill makes permanent the Angel Investor Tax Credit Program, eliminating the July 1, 2014 sunset date, and requires Connecticut Innovations, Inc. to submit its report on the program's effectiveness to the Finance, Revenue and Bonding Committee in addition to the Commerce Committee, as current law requires. The report is due July 1, 2014.

The bill also requires the revenue services and economic and community development commissioners to study whether it is feasible to make specified programmatic changes to the angel investor and research and development tax credit programs. Specifically, they must study whether it is feasible for the state to:

1. invest in businesses receiving investments from other sources instead of granting tax credits to individuals making such investments and
2. extend the R&D tax credit to pass-through entities and allow businesses to transfer unused credits to their small business contractors in exchange for discounts on future purchases.

Effective Date: July 1, 2013

sHB 5017, AA REQUIRING THE ESTABLISHMENT OF THE LEARN HERE, LIVE HERE PROGRAM

This bill requires, rather than allows, the economic and community development commissioner to establish the Learn Here, Live Here program, which helps students graduating from Connecticut colleges and universities save money toward purchasing their first homes. The program does this by allowing students to segregate up to \$2,500 annually from their state income tax payments for up to 10 years and use the savings toward a down payment. The law limits the total amount the state may segregate for all students to \$1 million per year.

Effective Date: July 1, 2013

sHB 5018, AA ESTABLISHING A TAX CREDIT FOR BUSINESSES THAT PROVIDE SCHOLARSHIPS FOR MANUFACTURING TRAINING PROGRAMS

This bill authorizes corporation business tax credits for contributions made to scholarships for manufacturing certificates awarded by the regional community-technical colleges. The credit equals 10% of the total contribution exceeding \$2,500, up to \$5,000 per year per taxpayer. The bill caps the total credits available to all businesses at \$500,000 per fiscal year. A business may claim the credit only during the income year it contributed the funds, but may carry forward unused credits for up to next five immediately succeeding years.

Effective Date: July 1, 2013 and applicable to income years beginning on or after January 1, 2013

sHB 5302, AA REQUIRING A COST-BENEFIT ANALYSIS OF PROPOSED STATE-FUNDED ECONOMIC DEVELOPMENT CAPITAL INVESTMENTS

This bill prohibits the State Bond Commission from approving bond requests over \$15 million for economic development projects if the costs exceed the benefits. It requires the Office of Policy and Management (OPM) to analyze these projects' costs and benefits and submit the results to the commission and the Office of Fiscal Analysis. Each analysis must at least estimate the amount of tax revenue that the project's new jobs will generate.

Effective Date: July 1, 2013

HB 6600, AAC A PILOT PROGRAM FOR THE TAXATION OF PASS-THROUGH ENTITIES IN THE MANUFACTURING, BIOSCIENCE, AND ALLIED HEALTH FIELDS

This bill establishes a four-year pilot program providing income tax reductions for pass-through manufacturing, bioscience, and allied health businesses. Eligible businesses must apply to the Department of Economic and Community Development for a rate reduction voucher. The reduction is .05% in 2013 and increases by that amount in each of the next three succeeding years until it reaches 2.0% in 2016.

Effective Date: July 1, 2013 and applicable to tax years beginning on or after January 1, 2013

JR: car