



# OLR RESEARCH REPORT

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## GUIDE TO CONNECTICUT'S BUSINESS TAX CREDITS

By: Rute Pinho, Associate Analyst

You asked us to update [OLR Report 2013-R-0056](#) on Connecticut's business tax credit programs to reflect changes made during the 2013 regular legislative session.

### USING THE GUIDE

Connecticut offers over 30 tax credits for actions ranging from donating money to affordable housing programs to investing in fledgling high technology businesses. Some apply to money or assets businesses donate for public or charitable purposes, such as the Neighborhood Assistance tax credit. Most credits apply to one or more business taxes; a few apply to the personal income tax.

In this report, we group the credits by purpose and summarize them in tables for each group. The report's table of contents has hyperlinks to each table and to each credit program.

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**Table 1: Fixed Capital Investments**

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Machinery and Equipment (CGS § <a href="#">12-217o</a> ; 1993)	Corporation	Businesses qualify if the expenditure for machinery and equipment used in Connecticut exceeds the prior year's expenditure for machinery and equipment used in Connecticut	Credit amount depends on the number of employees: <ul style="list-style-type: none"> <li>• 10% for businesses with 250 or fewer employees</li> <li>• 5% for businesses with between 251 and 799 employees</li> </ul>
Electronic Data Processing Equipment (CGS § <a href="#">12-217t</a> ; 1994)	<ul style="list-style-type: none"> <li>• Corporation</li> <li>• Unrelated Business Income</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> </ul>	Businesses paying property taxes on computers, printers, peripheral computer equipment, bundled software, and similar equipment	Credit equals 100% of property tax paid on electronic data processing equipment
Fixed Capital Investments (CGS § <a href="#">12-217w</a> ; 1997)	Corporation	Tangible property must: <ul style="list-style-type: none"> <li>• be acquired from an unrelated person for use by the business</li> <li>• have a class life of more than four years</li> <li>• not be leased during first 12 months after acquisition</li> <li>• be held or used in Connecticut for at least five years after acquisition</li> </ul>	5% of fixed capital costs incurred during income year
Small Business Guaranty Fee (CGS § <a href="#">12-217cc</a> ; 1999; sunsets December 31, 2013)	Corporation	Businesses with gross annual revenues under \$5 million receiving SBA-guaranteed bank loans	<ul style="list-style-type: none"> <li>• 100% credit for fee paid to SBA for the loan guarantee (fees vary depending on loan amount)</li> <li>• Up to four-year carry-forward for unused credits</li> </ul>

**Table 2: Contributions and Donations**

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Computer Donations to Public and Private Schools (CGS § <a href="#">12-228b</a> ; 2000; sunsets December 31, 2013)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Corporation</li> <li>Air Carrier</li> <li>Railroad Company</li> <li>Community Antenna and Satellite TV Companies</li> <li>Utility Companies</li> </ul>	<p>Donation of new or less than two-year old computers</p> <p>Businesses must apply to revenue services commissioners for credits</p>	<ul style="list-style-type: none"> <li>Total credits available to businesses limited to \$1 million annually</li> <li>Credit equals 50% of donated equipment's fair market value, up to \$75,000 annually</li> <li>Credit applies only against taxes owned for the year when computers were donated</li> </ul>
Land Donations (CGS § <a href="#">12-217dd</a> ; 1999)	Corporation	<p>Open space land:</p> <ul style="list-style-type: none"> <li>donated to state, municipality, water company, or nonprofit land conservation organization and</li> <li>permanently preserved as open space or used as public water supply</li> </ul> <p>Land donated to a municipality or political subdivision for educational uses</p>	<ul style="list-style-type: none"> <li>Credit equals 50% of:                             <ul style="list-style-type: none"> <li>donated land's fair market value or</li> <li>value of discounted sales price or interest in land</li> </ul> </li> <li>Unused credits may be carried forward for up to 25 years</li> </ul>
Land Donations for Educational Uses (CGS § <a href="#">12-217ff</a> ; 2004; sunsets January 1, 2013 (see land donations credit above))	Corporation	Land donated to a municipality or political subdivision for educational uses	<ul style="list-style-type: none"> <li>Credit equals 50% of:                             <ul style="list-style-type: none"> <li>donated land's fair market value or</li> <li>value of discounted sales price or interest in land</li> </ul> </li> <li>Unused credits may be carried forward for up to 15 years</li> </ul>
Neighborhood Assistance Act (CGS §§ <a href="#">12-630aa</a> et seq.; 1982)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Corporation</li> <li>Air Carrier</li> <li>Railroad Company</li> <li>Community Antenna and Satellite TV Companies</li> <li>Utility Companies</li> <li>Businesses subject to Business Entity Tax (e.g., S corporations)*</li> </ul>	Minimum \$250 contribution toward municipally-approved community service program	<ul style="list-style-type: none"> <li>Total credits for all projects capped at \$5 million per year</li> <li>Credit equals 100% credit for energy conservation programs; 60% for all other programs; in both cases, credit amount capped at \$150,000 annually</li> <li>Unused credits may be carried backward for up to two years</li> </ul>

\*[PA 11-140](#) expanded the credits to these businesses but did not make corresponding technical changes to the statutory procedures for claiming the credit.

**Table 3: Energy Conservation and Environmental Protection**

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Traffic Reduction (CGS § <a href="#">12-217s</a> ; 1994)	Corporation	Businesses with over 100 employees participating in traffic reduction program	<ul style="list-style-type: none"> <li>• Total credits capped at \$1.5 million</li> <li>• Credit equals 50% of program participation costs, up to \$250 per participating employee</li> </ul>
Green Buildings (CGS § <a href="#">12-217mm</a> ; 2009)	Corporation	New or renovated buildings meeting or exceeding specific energy and environmental standards	<ul style="list-style-type: none"> <li>• Total credits capped at \$25 million</li> <li>• Credit amount: <ul style="list-style-type: none"> <li>○ equals 5% to 10.5% of allowable costs based on building type and standards met</li> <li>○ additional 0.5% credit if building meets other specified criteria</li> </ul> </li> <li>• Businesses can claim only 25% of credit per year</li> <li>• Credits may be assigned or transferred</li> <li>• Unused credits may be carried forward for up to five years</li> </ul>
Neighborhood Assistance Act, Energy Conservation (CGS § <a href="#">12-635</a> ;1982)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Businesses subject to Business Entity Tax (e.g., S corporations)*</li> </ul>	Minimum \$250 contribution toward municipally-approved community service program	<ul style="list-style-type: none"> <li>• 100% credit for energy conservation in properties: <ul style="list-style-type: none"> <li>○ where at least 75% of the occupants earn no more than 150% of the poverty level or</li> <li>○ owned and occupied by charitable corporations, foundations, trusts or other entities</li> </ul> </li> <li>• Subject to same carry back and cap provisions applicable to other Neighborhood Assistance Act projects</li> </ul>

\* [PA 11-140](#) expanded the credits to these businesses but did not make corresponding technical changes to the statutory procedures for claiming the credit.

**Table 4: Human Capital Investment**

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Apprenticeship Training (CGS § <a href="#">12-217g</a> ; 1979)	Corporation	<ul style="list-style-type: none"> <li>Hiring apprentices participating in state-approved manufacturing, plastics, and construction trades apprenticeship training programs</li> <li>For businesses hiring plastics trade apprentices, the number of apprentices hired must exceed the average number of such apprentices hired during the previous five years</li> </ul>	<ul style="list-style-type: none"> <li>For manufacturing or plastics trade apprenticeship, credit equals maximum \$4,800 or 50% of actual wages paid during the first half of a two-year term apprenticeship or first three-quarters of a four-year apprenticeship, whichever is less</li> <li>Effective July 1, 2015, manufacturing trade apprenticeship credit equals maximum \$7,500 or 50% of such wages, whichever is less</li> <li>For construction trade apprentices, maximum \$4,000 or 50% of actual wages paid over first four income years, whichever is less</li> </ul>
Human Capital Investments (CGS § <a href="#">12-217x</a> ; 1997)	Corporation	<p>Eligible investments:</p> <ul style="list-style-type: none"> <li>job training</li> <li>work education</li> <li>child care subsidies</li> <li>day care facilities</li> <li>donations to colleges and universities for technology</li> <li>contributions to Individual Development Account Reserve funds</li> </ul>	<ul style="list-style-type: none"> <li>Credit equals 5% of investment</li> <li>Unused credits carried forward for up to five years.</li> </ul>
Creating New Jobs (CGS § <a href="#">12-217ii</a> ; 2006; sunsets December 31, 2011)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Corporation</li> <li>Utility Companies</li> </ul>	Any business creating at least 10 new jobs, excluding temporary or seasonal jobs, filled by new employees required to work at least 35 hours per week	<ul style="list-style-type: none"> <li>Total credits for these and the small business, vocational rehabilitation, and job expansion credits capped at \$20 million per year*</li> <li>Five-year credit up to 60% of the income tax deducted and withheld from new employee wages</li> </ul>

Table 4 (continued)

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Small Business Creating Jobs (CGS § <a href="#">12-217nn</a> ; 2010; sunsets December 31, 2012)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Corporation</li> <li>Personal Income</li> </ul>	<ul style="list-style-type: none"> <li>Businesses with fewer than 50 employees in Connecticut that create new jobs filled by Connecticut residents</li> <li>New employees must work at least 35 hours per week for at least 48 weeks per calendar year</li> <li>Credits available only for jobs created between May 6, 2010 and December 31, 2012</li> </ul>	<ul style="list-style-type: none"> <li>Total credits for these and the job creation, vocational rehabilitation, job expansion credits capped at \$20 million per year*</li> <li>Three-year, \$200 per month per new employee credit</li> </ul>
Vocational Rehabilitation Job Creation Tax Credit (CGS § <a href="#">12-217oo</a> ; 2011; sunsets December 31, 2011)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Corporation</li> <li>Personal Income</li> </ul>	<ul style="list-style-type: none"> <li>Business hiring Connecticut residents receiving services from Department of Rehabilitation Services</li> <li>New employees must work at least 20 hours per week for at least 48 weeks per calendar year</li> <li>Credits available only for employees hired between May 6, 2010 and December 31, 2012</li> </ul>	<ul style="list-style-type: none"> <li>Three-year, \$200 per month per new employee</li> <li>Total credits for these and the job creation, small business job creation, and job expansion tax credits capped at \$20 million per year*</li> </ul>
Job Expansion Tax (JET) Credit Program (CGS § <a href="#">12-217pp</a> ; 2011; sunsets December 31, 2013)	<ul style="list-style-type: none"> <li>Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>Utility Companies</li> <li>Corporation</li> <li>Personal Income</li> </ul>	<ul style="list-style-type: none"> <li>Business creating jobs between January 1, 2012 and December 31, 2013</li> <li>Required number of jobs to be created depends on number of existing employees</li> <li>Minimum required hours depending on type of employee:                             <ul style="list-style-type: none"> <li>New employees must work at least 35 hours per week for at least 48 weeks per calendar year</li> <li>Previously unemployed employees and those receiving services from the Departments of Rehabilitation Services or participating in Department of Social Services programs must work at least 20 hours per week for 48 weeks per calendar year (i.e., qualifying employees)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Total credits for these and the job creation, small business job creation, and vocational rehabilitation tax credits capped at \$40 million over the duration of the JET credit program*</li> <li>Three-year credit:                             <ul style="list-style-type: none"> <li>\$500 per new employee or</li> <li>\$900 per qualifying employee meeting specified criteria</li> </ul> </li> <li>Economic and community development commissioner must base her decision on whether to approve second- or third-year credits for new employees on whether doing so is consistent with the state's economic development priorities</li> </ul>

Table 4 (continued)

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Neighborhood Assistance Act, Day Care and Job Training (CGS §§ <a href="#">12-634</a> and <a href="#">12-635</a> ; 1982)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Businesses subject to Business Entity Tax **</li> </ul>	Minimum \$250 contribution toward municipally-approved community service program	<ul style="list-style-type: none"> <li>• Credit equals 60% credit for contributions to:               <ul style="list-style-type: none"> <li>○ daycare facilities used primarily by business' employees (capped at \$50,000 per year per business) or</li> <li>○ specified job training programs</li> </ul> </li> <li>• Credits subject to carry back and cap provisions applicable to other Neighborhood Assistance Act projects</li> </ul>

\* [PA 13-232](#) changed the credit cap on the JET credits, from \$20 million per year to \$40 million over the duration of the JET program, but did not make conforming changes to the caps in the three other programs' statutes.

\*\* [PA 11-140](#) expended the credits to these businesses but did not make corresponding changes to the statutory procedures for claiming the credit.

**Table 5: Real Estate Development**

<b><i>Tax Credit Program and Year Enacted</i></b>	<b><i>Applicable Taxes</i></b>	<b><i>Eligibility Criteria</i></b>	<b><i>Credit Limits</i></b>
Contributions to Low- and Moderate-Income Housing Programs (CGS § <a href="#">8-395</a> ; 1987)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> </ul>	Minimum \$250 cash contribution to Connecticut Housing Finance Authority-approved housing programs managed by nonprofit organizations	<ul style="list-style-type: none"> <li>• Total credits capped at \$10 million per year</li> <li>• Total credit-eligible contributions per program capped at \$500,000 per year per organization</li> <li>• Unused credits may be carried forward or back for up to five years</li> </ul>
Historic Homes Rehabilitation (CGS § <a href="#">10-416</a> ; 1999)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified rehabilitation expenditure must exceed \$25,000 (threshold reduced to \$15,000 effective July 1, 2015)</li> <li>• Businesses contributing funds towards the rehabilitation qualify for credits if the individual or nonprofit organization that did the work designated them for the credits</li> <li>• Property: <ul style="list-style-type: none"> <li>○ must be one- to four-unit dwelling</li> <li>○ listed on the National or State Registry of Historic places or located in a historic district and contribute to its character</li> <li>○ located in a targeted areas (available statewide effective July 1, 2015)</li> <li>○ occupied as owner's principal residence for at least five years</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Total credits capped at \$3 million per year</li> <li>• Credit equals 30% of eligible construction costs, up to \$30,000 per dwelling unit (up to \$50,000 per unit, effective July 1, 2015, for businesses that contribute to projects undertaken by nonprofit organizations)</li> <li>• Unused credits may be carried forward up to four years</li> </ul>

Table 5 (continued)

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Converting Historic Business Property to Residential Uses (CGS § <a href="#">10-416a</a> ; 2006)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified rehabilitation expenditures for converting historic business structures to residential use</li> <li>• The following types of property listed on the national or state Register of Historic Places or located in an historic district on the national or state register:               <ul style="list-style-type: none"> <li>○ commercial or industrial</li> <li>○ cultural</li> <li>○ institutional</li> <li>○ government</li> <li>○ residential with at least five units</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Total credits capped at \$15 million per year</li> <li>• Credit equals 25% of qualified rehabilitation expenditures, up to \$2.7 million</li> <li>• Unused credits may be carried forward for up to five years</li> </ul>
Rehabilitating Historic Business Property for Mixed Residential and Commercial Use (CGS § <a href="#">10-416b</a> ; 2007)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Rehabilitation of certified historic business property for mixed residential and nonresidential uses or residential uses</li> <li>• The following types of property listed on the national or state Register of Historic Places or located in an historic district on the national or state register:               <ul style="list-style-type: none"> <li>○ commercial or industrial</li> <li>○ cultural</li> <li>○ institutional</li> <li>○ government</li> <li>○ residential with at least five units</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Total credits capped at \$50 million per three-year cycle, beginning with FY 09-12</li> <li>• Credit equals 25% of qualified rehabilitation expenditures; 30% if project includes units affordable to low- and moderate-income people</li> <li>• No project can receive more than 10% of credits (\$5 million) available for the three-year cycle</li> <li>• Unused credits may be carried forward up to five years</li> </ul>

Table 5 (continued)

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Urban and Industrial Sites Reinvestment (CGS § <a href="#">32-9t</a> ; 2000)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> <li>• Air Carrier</li> <li>• Railroad Company</li> <li>• Community Antenna</li> <li>• Utility Companies and Satellite TV Companies</li> <li>• Other specified business taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses investing in projects developing or redeveloping property, including brownfields, that meet statutory criteria, including generating new tax revenue and other economic benefits</li> <li>• Minimum asset value of each investment depends on whether taxpayers directly invest in a project or indirectly through a fund manager</li> </ul>	<ul style="list-style-type: none"> <li>• Total credits available for all projects capped at \$650 million</li> <li>• Credit equals 100% of investment up to \$100 million, spread out over 10 years:                             <ul style="list-style-type: none"> <li>○ 0% in first three years after investment was made</li> <li>○ 10% per year in the next four years</li> <li>○ and 20% in the remaining three years</li> </ul> </li> <li>• Credits may be assigned to other taxpayers</li> <li>• Unused credits may be carried forward up to five years</li> </ul>

**Table 6: Research and Development**

<b><i>Tax Credit Program and Year Enacted</i></b>	<b><i>Applicable Taxes</i></b>	<b><i>Eligibility Criteria</i></b>	<b><i>Credit Limits</i></b>
Incremental Research and Development Expenditures (CGS § <a href="#">12-217j</a> ; 1992)*	Corporation	<ul style="list-style-type: none"> <li>• Business must spend more on R&amp;D than it did in prior year</li> </ul>	<ul style="list-style-type: none"> <li>• Credit equals 20% of the amount spent on R&amp;D over and above the amount spent during prior year</li> <li>• Unused credits may be carried forward for up to 15 years</li> </ul>
Research and Development Expenditures (CGS § <a href="#">12-217n</a> ; 1993)*	Corporation	<ul style="list-style-type: none"> <li>• Credit available to any business spending on R&amp;D</li> <li>• Federally deductible R&amp;D and basic research expenditures incurred in Connecticut</li> </ul>	Credit determined according to statutory formula: <ul style="list-style-type: none"> <li>• Amounts range from 1% for expenditures \$50 million or less to 6% for expenditures over \$200 million</li> <li>• Only one-third of credit can be taken per year</li> <li>• Unused credits may be carried forward until fully used</li> </ul>

\* Small businesses with R&D credits they cannot claim may apply to the state for a refund equal to 65% of their value (CGS § [12-217ee](#)).

**Table 7: Targeted Area Development**

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Developing Manufacturing and Specified Service Facilities in Enterprise Zones (1981 and 1986, respectively), Enterprise Corridor Zones (1994), Targeted Investment Communities (1990), Railroad Depot Zones (1996), Qualified Manufacturing Plants (1996) Airport Development Zones (2010 and 2011), and Bioscience Enterprise Corridor Zones (2010) (CGS § <a href="#">12-217e(a)</a> )	Corporation	Credit available to businesses in designated zones that develop or acquire facilities and create jobs  Facility must be: <ul style="list-style-type: none"> <li>newly acquired, constructed, substantially renovated, or expanded</li> <li>used for manufacturing or specified financial services</li> <li>house new jobs</li> </ul>	10-year credit against tax allocable to facility: <ul style="list-style-type: none"> <li>25% or</li> <li>50% if at least 150 of the new jobs or at least 30% of them go to zone or municipal residents who qualify for federal job training assistance</li> </ul>
Developing Service Facilities in Targeted Investment Communities (CGS § <a href="#">12-217e(b)</a> , 1996)	Corporation	<ul style="list-style-type: none"> <li>Credit available to businesses that develop or acquire facilities and create jobs in municipalities with enterprise zones, but outside the zones.</li> <li>Facilities must house specified service firms, including business, financial, and health services; warehousing and motor freight; and fishing, hunting, and trapping.</li> </ul>	10-year credit based on the number of jobs created: <ul style="list-style-type: none"> <li>15%, 300-599 jobs</li> <li>20%, 600-899 jobs</li> <li>25%, 900-1,189 jobs</li> <li>30%, 1,200-1,499 jobs</li> <li>40%, 1,500-1,999 jobs</li> <li>50%, 2,000 or more jobs</li> </ul>
Developing Entertainment Facilities in Municipalities with Entertainment Districts (CGS § <a href="#">12-217e(a)</a> , 1993)	Corporation	<ul style="list-style-type: none"> <li>Municipality must have designated an entertainment district (Option limited to municipalities with enterprise zones)</li> <li>Credit available to businesses that develop or acquire facilities and create jobs in or outside entertainment districts</li> <li>Facility must be used for producing entertainment products or as part of airing, displaying, or providing live entertainment for stage or broadcast</li> </ul>	Same as enterprise zone credits for manufacturers, but entertainment facility qualifies for credits regardless of whether it is located in the entertainment district
Research and Development by Businesses Located in Enterprise Zones (CGS § <a href="#">12-217n(c)</a> , 1999)	Corporation	Limited to businesses: <ul style="list-style-type: none"> <li>headquartered in an enterprise zone,</li> <li>employing over 2,500 people, and</li> <li>annual revenues over \$3 billion</li> </ul>	Greater of 3.5% of total R&D expenditure or the amount derived from the statutory two-step formula used by big businesses located outside enterprise zones

**Table 7 (continued)**

<b><i>Tax Credit Program and Year Enacted</i></b>	<b><i>Applicable Taxes</i></b>	<b><i>Eligibility Criteria</i></b>	<b><i>Credit Limits</i></b>
Starting Corporations in Enterprise Zones (CGS § <a href="#">12-217v</a> , 1996)	Corporation	Corporation must be created in an enterprise zone and meet one of the following hiring goals: <ul style="list-style-type: none"> <li>• hire at least 375 people, at least 40% of whom reside in the municipality with the zone and that qualify for federal job training assistance</li> <li>• hire at least 375 people, at least 150 of whom reside in the municipality with the zone or that qualify for federal job training assistance</li> </ul>	10-year credit: <ul style="list-style-type: none"> <li>• 100% for the first three years</li> <li>• 50% of the next seven years</li> </ul>

**Table 8: Targeted Industries Development**

<b><i>Tax Credit Program and Year Enacted</i></b>	<b><i>Applicable Taxes</i></b>	<b><i>Eligibility Criteria</i></b>	<b><i>Credit Limits</i></b>
Financial Institutions (CGS § <a href="#">12-217u</a> and CGS § <a href="#">32-236(b)</a> , 1994, sunsets December 31, 2013)	Corporation	Banks and financial institutions constructing minimum 900,000 square foot facilities and creating an average of 1,200 to 2,000 jobs in Connecticut over a maximum 15-year period	<ul style="list-style-type: none"> <li>• Maximum \$145 million credit claimed over 15 years based on annual job levels</li> <li>• For first 10 years maximum \$120 million credit subject to the following limits:               <ul style="list-style-type: none"> <li>○ 30% for each year business maintains at least 1,200 qualified jobs</li> <li>○ 40% for each year business maintains at least 1,600 qualified jobs</li> <li>○ 50% for each year business maintains at least 2,000 qualified jobs</li> </ul> </li> <li>• For next five years, 25% for each year business maintains at least 3,000 qualified jobs, but the total credit for the 15-year period cannot exceed \$145 million</li> </ul>

Table 8 (continued)

Tax Credit Program and Year Enacted	Applicable Taxes	Eligibility Criteria	Credit Limits
<p>Film Production (CGS § <a href="#">12-217j</a>, 2006; two-year moratorium for FY 14 and FY 15)</p>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Production companies producing a qualified production must incur specified production expenses and costs in Connecticut and                             <ul style="list-style-type: none"> <li>○ conduct at least 50% of principal photograph days in Connecticut or</li> <li>○ incur 50% or \$1 million of post-production costs here</li> </ul> </li> <li>• Qualified production includes “relocated television productions”:                             <ul style="list-style-type: none"> <li>○ filming in qualified production facility</li> <li>○ investing at least \$25 million</li> <li>○ creating at least 200 jobs</li> </ul> </li> <li>• For FY 14 and FY 15, no tax credit vouchers may be issued for motion pictures that not have been designated as state-certified productions prior to July 1, 2013, with the following exception:                             <ul style="list-style-type: none"> <li>○ During FY 15, a motion picture may receive a voucher if it conducts at least 25% of its principal photography days in a Connecticut facility that (1) receives at least \$25 million in private investment and (2) opens for business on or after July 1, 2013</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Three-tiered credits:                             <ul style="list-style-type: none"> <li>○ 10% for eligible expenditures between \$100,000-\$500,000</li> <li>○ 15% for eligible expenditures between \$500,000 and \$1 million</li> <li>○ 30% for eligible expenditures over \$1 million</li> </ul> </li> <li>• Credit certification for relocated television production companies is good for 10 years</li> <li>• Credits are not refundable, but may be sold, transferred, or assigned up to three times</li> <li>• Unused credits may be carried forward for up to three years</li> </ul>
<p>Film Production Infrastructure (CGS § <a href="#">12-217kk</a>, 2007)</p>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> </ul>	<p>Business must spend at least \$3 million developing building, facilities, and installations needed for film and digital media production</p>	<ul style="list-style-type: none"> <li>• 20% credit</li> <li>• Infrastructure must be 100% completed before credit can be claimed</li> <li>• Credits are not refundable, but may be sold, transferred, or assigned up to three times</li> <li>• Unused credits may be carried forward for up to three years</li> </ul>

Table 8 (continued)

<b>Tax Credit Program and Year Enacted</b>	<b>Applicable Taxes</b>	<b>Eligibility Criteria</b>	<b>Credit Limits</b>
Digital Animation Production (CGS § <a href="#">12-217II</a> , 2007)	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Business must incur eligible production expenses and costs in Connecticut</li> <li>• Eligible costs and expenses include intellectual property, production equipment, and trailers</li> </ul>	<ul style="list-style-type: none"> <li>• Total annual credits capped at \$15 million</li> <li>• Three-tiered credit:               <ul style="list-style-type: none"> <li>○ 10% for expenditures between \$100,000-\$500,000</li> <li>○ 15% for expenditures between \$500,000 and \$1 million</li> <li>○ 30% for expenditures over \$1 million</li> </ul> </li> <li>• Credits are not refundable, but may be sold, transferred, or assigned up to three times</li> <li>• Unused credits may be carried forward for up to three years</li> </ul>

**Table 9: Venture Capital Investments**

<b><i>Tax Credit Program and Year Enacted</i></b>	<b><i>Applicable Taxes</i></b>	<b><i>Eligibility Criteria</i></b>	<b><i>Credit Limits</i></b>
Insurance Reinvestment (CGS § <a href="#">38a-88a</a> , 1994)	Insurance Companies, Hospitals, and Medical Services Corporations	<ul style="list-style-type: none"> <li>• Insurance companies investing cash in state-certified “insurance reinvestment funds”</li> <li>• Funds must invest the cash only in eligible Connecticut-based businesses and meet other investment requirements</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of cash investment claimed over 10 years, beginning in the fourth year after investment was made:                             <ul style="list-style-type: none"> <li>○ 10% per year in years four through seven</li> <li>○ 20% per year in last eight through 10</li> </ul> </li> <li>• Unused credits may be carried forward up to five years</li> </ul>
Angel Investment (CGS § <a href="#">12-704d</a> , 2010; no new credits may be allocated after June 30, 2014)	Personal Income Tax	Minimum \$25,000 investments in start-up technology-based businesses operating in Connecticut	<ul style="list-style-type: none"> <li>• Total annual credits capped at \$6 million per year in FY 11-13 and \$3 million in FY 14</li> <li>• Credit equals 25% of cash investment up to \$250,000</li> </ul>

RP:ro