



Senate

General Assembly

File No. 369

February Session, 2014

Senate Bill No. 78

Senate, April 7, 2014

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT EXTENDING THE JOB EXPANSION TAX CREDIT PROGRAM.

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

1 Section 1. Subsection (h) of section 12-217pp of the 2014 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2014, and applicable to taxable and income*
4 *years commencing on or after January 1, 2014*):

5 (h) No credit shall be allowed under this section for any new jobs
6 created on or after January 1, [2014] 2015.

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

| | | |
|-----------|--|-------------|
| Section 1 | <i>July 1, 2014, and applicable to taxable and income years commencing on or after January 1, 2014</i> | 12-217pp(h) |
|-----------|--|-------------|

CE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which extends the sunset on the Job Expansion Tax Credit (JET) by a year, does not result in any fiscal impact to the state or municipalities since it is anticipated that the program will exhaust the full \$40 million in tax credits available under current law.

According to the Department of Economic and Community Development, approximately \$17.7 million credits out of the total \$40 million available have already been awarded, of which \$13.5 million is for JET.¹ Assuming all JET credit-eligible jobs are maintained by applicants through the program's entire 3-year credit award period, this would result in an additional \$22.4 million awarded under the current program.

The Out Years

State Impact: None

Municipal Impact: None

Sources: Department of Economic and Community Development

¹ Under current law, total JET, Jobs Creation, Small Business Jobs Creation, and Vocational Rehabilitation Job Creation tax credits may not exceed \$40 million in aggregate.

OLR Bill Analysis**SB 78*****AN ACT EXTENDING THE JOB EXPANSION TAX CREDIT PROGRAM.*****SUMMARY:**

This bill reopens the Job Expansion Tax Credit program (JET), allowing businesses to claim credits for new jobs created before January 1, 2015. Current law allows an eligible business to claim the credit for each new job created between January 1, 2012 and December 31, 2013. By law, businesses awarded credits (1) may claim them for three years, and (2) before the current January 1, 2014 sunset date may continue to do so until the three-year period expires.

The bill does not change the existing \$40 million cap on the total amount of credits that may be awarded.

EFFECTIVE DATE: July 1, 2014, and applicable to taxable and income years beginning January 1, 2014.

BACKGROUND***Job Expansion Tax Credits (JET)***

Under current law, businesses creating new jobs between January 1, 2012 and December 31, 2013 qualify for a three-year credit against the insurance premium, corporation business, utility company, or personal income tax. The credit is \$500 per month per new employee or \$900 per month if the new employee was unemployed or is a veteran. Businesses qualify for the credit based on the size of their business and the number of people they hire.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 18 Nay 0 (03/25/2014)