



General Assembly

February Session, 2014

Raised Bill No. 303

LCO No. 1761



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT EXTENDING THE RESEARCH AND EXPERIMENTAL EXPENDITURE TAX CREDIT TO PASS-THROUGH ENTITIES.

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

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 Section 12-217j of the general statutes is repealed and the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

5 (a) There shall be allowed as a credit against the tax imposed [on
6 any corporation] (1) under this chapter, with respect to income years of
7 such corporation commencing on or after January 1, 1994, and prior to
8 January 1, 2014, and (2) under this chapter or chapter 229, other than
9 the liability imposed by section 12-707, with respect to income or
10 taxable years commencing on or after January 1, 2014, an amount equal
11 to twenty per cent of the amount spent by [such corporation] a
12 taxpayer directly on research and experimental expenditures, as
13 defined in Section 174 of the Internal Revenue Code of 1986, or any
14 subsequent corresponding internal revenue code of the United States,
15 as from time to time amended, which are conducted in this state and

16 which exceeds the amount spent by such [corporation] taxpayer
17 during the preceding income or taxable year of such [corporation]
18 taxpayer for such expenditures.

19 (b) (1) With respect to any income year commencing on or after
20 January 1, 2000, a credit or any portion of a credit that is allowed under
21 this section but that is not used by a taxpayer because the amount of
22 the credit exceeds the tax due and owing by the taxpayer shall be
23 carried forward to each of the successive income years until such
24 credit, or applicable portion of [the] such credit, is fully taken. In no
25 case shall a credit, or any portion of a credit, that is not used by a
26 taxpayer be carried forward for a period of more than fifteen years.

27 (2) (A) With respect to any income year commencing on or after
28 January 1, 1997, and prior to January 1, 2000, a credit or any portion of
29 a credit that is allowed under this section but that is not used by a
30 biotechnology company because the amount of the credit exceeds the
31 tax due and owing by the taxpayer shall be carried forward to each of
32 the successive income years until such credit, or applicable portion of
33 [the] such credit, is fully taken. In no case shall a credit, or any portion
34 of a credit, that is not used by a biotechnology company be carried
35 forward for a period of more than fifteen years.

36 (B) For purposes of this subsection, "biotechnology company" means
37 a company engaged in the business of applying technologies, such as
38 recombinant DNA techniques, biochemistry, molecular and cellular
39 biology, genetics and genetic engineering, biological cell fusion
40 techniques, and new bioprocesses, using living organisms, or parts of
41 organisms, to produce or modify products, to improve plants or
42 animals, to develop microorganisms for specific uses, to identify
43 targets for small molecule pharmaceutical development, or to
44 transform biological systems into useful processes and products.

45 (c) If the taxpayer is an S corporation or an entity treated as a
46 partnership for federal income tax purposes, the shareholders or

47 partners of such taxpayer may claim the credit. If the taxpayer is a
48 single-member limited liability company that is disregarded as an
49 entity separate from its owner, the limited liability company's owner
50 may claim the credit.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014, and applicable to income and taxable years commencing on or after January 1, 2014</i>	12-217j

Statement of Purpose:

To extend the research and experimental expenditure tax credit to pass-through entities.

[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.]