
OLR Bill Analysis

sSB 231

AN ACT INCREASING THE CAP ON THE URBAN AND INDUSTRIAL SITE TAX CREDIT AND THRESHOLD FOR LEGISLATIVE APPROVAL OF FINANCIAL ASSISTANCE.

SUMMARY:

This bill (1) increases the total amount of business tax credits available under the Urban and Industrial Site Reinvestment Program (UISR) from \$650 million to \$800 million, (2) increases certain thresholds for legislative approval of financial assistance and tax credits, and (3) makes technical changes.

Under current law, financial assistance awarded by the Department of Economic and Community Development (DECD) or Connecticut Innovations, Inc. that exceeds certain thresholds must be approved by the General Assembly. The bill increases the threshold requiring approval from \$10 million to \$16 million per business in any two-year period. For financial assistance to biotechnology businesses, the bill increases the threshold from \$20 million to \$26 million in any two-year period.

The bill also increases the threshold for legislative approval of tax credits for a single investment under UISR from \$20 million to \$27 million. By law, DECD must submit to the Finance, Revenue, and Bonding Committee any tax credits that would exceed the threshold before issuing a certificate of eligibility for an investment. The committee has 30 days to recommend approval or disapproval, after which the General Assembly has 30 days to act on the committee's recommendation. If either house does not disapprove within 30 days, the commissioner may certify the investment.

EFFECTIVE DATE: July 1, 2014

BACKGROUND

Urban and Industrial Sites Reinvestment Program (UISR)

UISR credits are available to any type of business investing in a project that will generate enough sales, personal income, and other tax revenue to recoup the foregone business tax revenue. Specifically, the credits are available for (1) remediating and developing contaminated property anywhere in the state and (2) developing property for a wide range of business uses in distressed municipalities, targeted investment communities, or municipalities with populations exceeding 100,000. The state may approve up to \$100 million in tax credits per project, and the credits are claimed over a 10-year period according to a statutory schedule. The tax credits apply to insurance premium, corporation, air carrier, railroad company, community antenna, utility company, and other specified business taxes.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 10 Nay 6 (03/20/2014)