



## RESOURCES AVAILABLE TO BUSINESSES AND MUNICIPALITIES FOR ECONOMIC DEVELOPMENT

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### STATE AND FEDERAL ECONOMIC DEVELOPMENT AGENCIES

#### **State:**

- [Connecticut Innovations, Inc. \(CI\)](#)
- [Department of Economic and Community Development \(DECD\)](#)
- [Department of Labor \(DOL\)](#)
- [Office of Policy and Management \(OPM\)](#)

#### **Nonprofit:**

- [Connecticut Community Economic Development Fund \(CEDF\)](#)

#### **Federal:**

- [Economic Development Administration, Department of Commerce \(EDA\)](#)
- [Small Business Administration, Department of Commerce \(SBA\)](#)
- [Department of Housing and Urban Development \(HUD\)](#)

### QUESTIONS

What are the:

1. state and federal agencies and programs that provide economic development assistance to businesses and municipalities and
2. state and federal tax incentives for economic development?

### FINANCIAL ASSISTANCE

Connecticut offers economic development assistance to businesses and municipalities through four agencies: Connecticut Innovations, Inc. (quasi-public), Department of Economic and Community Development (DECD), Department of Labor (DOL), and Office of Policy and Management (OPM). It also provides assistance to business through the nonprofit, state-chartered Community Economic Development Fund (CEDF). Table 1 summarizes the financial assistance programs provided by these organizations. For more details, use the link under the "program" column.

Most federal economic development assistance is provided by the Economic Development Administration (EDA), Small Business Administration (SBA), and Department of Housing and Urban Development (HUD). Their loan and grant programs are geared primarily toward small businesses and economically distressed communities. Table 2 summarizes these programs. For more details, use the link under the “program” column.

The tables list only the programs traditionally associated with economic development, but there are a number of other resources available to businesses from state agencies and private and nonprofit organizations. More information on these resources is available through the Connecticut Economic Resource Center’s [program finder](#).

## **TAX INCENTIVES**

Connecticut’s economic development tax incentives range from creating new jobs to improving property in economically distressed areas. Most credits apply to one or more types of business taxes, and some apply to personal income and property taxes. Table 3 summarizes these incentives, organized by purpose. For more information, including eligibility and application requirements, use the link under the “program” column. Connecticut also provides business tax credits that are not geared specifically to economic development, such as those for donating equipment to educational institutions and open space land to municipalities. For a description of these credits, including those that sunsetted, see OLR Report 2013-R-0292, [Guide to Connecticut’s Business Tax Credits](#).

Like Connecticut, the federal government offers tax incentives for many different purposes. Table 4 describes those for economic development. Information about the other federal tax deductions and credits is available at the Internal Revenue Service’s website at [general business tax credits guide](#) and [tax credits and deductions guide](#).

**Table 1: State Financial Assistance For Businesses and Municipalities**

<b>Program</b>	<b>Type of Assistance</b>	<b>Recipient</b>
<b>Connecticut Innovations, Inc.</b>		
<a href="#">Commercial Real Estate Loans</a>	Loans (CI acts as a "gap" lender)	Connecticut-based businesses that have been in existence for at least 3 years and will create or retain jobs
<a href="#">Equipment Loans</a>	Loans	
<a href="#">Loans for Permanent Working Capital</a>	Loans	
<a href="#">Eli Whitney Equity Fund</a>	Investments	Connecticut-based (or willing to relocate) businesses that are technology-based
<a href="#">Pre-Seed Fund</a>	Investments	Connecticut-based businesses that have been in operation less than 7 years, have fewer than 25 employees, and are developing a technology
<a href="#">Seed Fund</a>	Investments	Connecticut-based businesses working to commercialize technology in bioscience, information technology, clean tech, or advanced materials
<a href="#">Small Business Innovation and Diversification Program</a>	Grants	Connecticut manufacturers with fewer than 500 employees that agree to remain in Connecticut for ten years
<a href="#">Technology Talent Bridge</a>	Grants to businesses to compensate interns	Connecticut-based businesses with fewer than 500 employees that have been in operation for at least a year
<a href="#">URBANK</a>	Loan guarantees	Small and entrepreneurial Connecticut businesses
<a href="#">Venture/Mezzanine Debt Fund</a>	Mezzanine capital (structured as subordinated debt or preferred equity)	Connecticut-based businesses with a product that has been available in the marketplace for over a year and are looking to expand

**Table 1 (continued)**

<b>Program</b>	<b>Type of Assistance</b>	<b>Recipient</b>
<b>Community Economic Development Fund</b>		
<a href="#">Grow Your Business Loan Program</a>	Loans	Businesses in operation for at least three years that are located in a targeted community or owned by an individual with an annual income lower than \$85,700
<a href="#">Small Business Administration Microloan Program</a>	Loans	
<a href="#">Standard Loan Program</a>	Loans	
<a href="#">Connecticut Inner City Business Loan Guarantee Program</a>	30% loan guarantee	Small businesses in targeted industry clusters in Waterbury, Hartford, New Britain, Bridgeport, and New Haven
<a href="#">Microloan Guarantee Program for Women and Minority Business Owners</a>	30% loan guarantee	Businesses that are minority- or women- owned
<a href="#">Microloan Guarantee Program for Hartford, Stamford, and West Haven Business Owners</a>	30% loan guarantee	Businesses in Harford, Stamford, or West Haven
<b>Department of Economic and Community Development</b>		
<a href="#">Brownfield Remediation and Development Programs</a>	Grants and loans	<ul style="list-style-type: none"> <li>• Municipalities with projects that are complicated by brownfields (grants)</li> <li>• Businesses that remediate and develop brownfield sites (loans)</li> </ul>
<a href="#">Economic and Manufacturing Assistance Act (MAA)</a>	Direct loans or grants)	<ul style="list-style-type: none"> <li>• Businesses creating or retaining jobs, exporting goods or services outside the state, encouraging innovation, adding value to products and services, or otherwise supporting or enhancing the state's economic bases (loans or grants)</li> <li>• Municipalities with infrastructure projects (grants)</li> </ul>
<a href="#">First Five Program</a>	Combination of grants, loans, and tax incentives	Businesses that create 200 new jobs in two or five years, depending on size of their investment

**Table 1 (continued)**

<b>Program</b>	<b>Type of Assistance</b>	<b>Recipient</b>
<b>Department of Economic and Community Development (cont'd)</b>		
<a href="#">Small Business Express Program</a>	Loans and Grants	Small businesses (less than 100 employees)
<a href="#">Small Business Revolving Loan Program</a>	Loans	
<a href="#">Small Manufacturers Competitiveness Fund</a>	Loans	Businesses in manufacturing, bioscience, medical devices, aerospace & defense, and research & development sectors
<a href="#">Special Contaminated Property Remediation and Insurance Fund</a>	Loans	Businesses or municipalities that are investigating environmental conditions of a development site
<b>Department of Labor</b>		
<a href="#">Subsidized Training and Employment Program (Step Up)</a>	Wage and training subsidies	Small businesses with fewer than 100 employees that hire and/or train unemployed workers
<a href="#">Unemployed Armed Forces Member Subsidized Training and Employment Program</a>	Wage and training subsidies	Small businesses with fewer than 100 employees that hire and/or train unemployed veterans
<b>Office of Policy and Management</b>		
<a href="#">Small Town Economic Assistance Program (STEAP)</a>	Grants	Municipalities that are not designated as "distressed" and do not have a "regional center" under the <a href="#">State Plan of Conservation and Development</a>
<a href="#">Urban Action Bond Assistance</a>	Grants	Municipalities with economic or community development projects

**Table 2: Federal Financial Assistance for Businesses And Municipalities**

<i>Program</i>	<i>Type of Assistance</i>	<i>Recipient</i>
<b>Economic Development Administration, U.S. Department of Commerce</b>		
<a href="#">Public Works Assistance Program</a>	Grants and loans	Distressed communities (municipalities) developing infrastructure and facilities to advance economic development goals
<a href="#">Economic Adjustment Assistance Program</a>	Grants and loans	State and local governments affected by plant closings and other structural economic changes
<b>Small Business Administration, U.S. Department of Commerce</b>		
<a href="#">General Small Business Loans: 7(a)</a>	Loans	Businesses who meet specified criteria
<a href="#">Microloan Program</a>	Loans	
<a href="#">Real Estate and Equipment Loans: CDC/504</a>	Loans	
<a href="#">Small Business Innovation Research Program (SBIR)</a>	Competitive grants	Small businesses that participate in federal research and research and development projects
<a href="#">Small Business Technology Transfer</a>	Competitive grants	Small businesses that engage with a research institution in research and development
<b>U.S. Department of Housing and Urban Development (HUD)</b>		
<a href="#">Community Development Block Grant Program—Entitlement Communities Grants</a>	Block grants	Larger cities and urban counties with over 50,000 people for different types of economic or community development projects
<a href="#">Community Development Block Grant Program—State Administered (DECD)</a>	Block grants	Municipalities with fewer than 50,000 people for different types of economic and community development projects (administered by DECD)
<a href="#">Section 108 Loan Guarantee Program</a>	Loans	States and municipalities for financing different types of economic and community development projects

**Table 3: State Economic Development Tax Incentives**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Fixed Capital Investments</b>		
<a href="#">Machinery and Equipment</a> (CGS § <a href="#">12-217o</a> ), Department of Revenue Services (DRS)	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>	Corporations
<a href="#">Electronic Data Processing Equipment</a> (CGS § <a href="#">12-217t</a> ), DRS	Credit equals 100% of property tax paid on electronic data processing equipment	<ul style="list-style-type: none"> <li>• Corporations</li> <li>• Air Carriers</li> <li>• Railroad Companies</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> </ul>
<a href="#">Fixed Capital Investments</a> (CGS § <a href="#">12-217w</a> ), DRS	5% of fixed capital costs incurred during income year	<ul style="list-style-type: none"> <li>• Corporations</li> <li>• Air Carriers</li> <li>• Railroad Companies</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> </ul>

**Table 3 (continued)**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Human Capital Investment</b>		
<a href="#">Apprenticeship Training</a> (CGS § <a href="#">12-217g</a> ), Department of Labor (DOL)	<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>	Corporations
<a href="#">Human Capital Investments</a> (CGS § <a href="#">12-217x</a> ), DRS	<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>	Corporations
<a href="#">Neighborhood Assistance Act, Energy Conservation</a> (CGS § <a href="#">12-635</a> ), DRS	<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>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> <li>• Air Carriers</li> <li>• Railroad Companies</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> <li>• Businesses subject to Business Entity Tax</li> </ul>

**Table 3 (continued)**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Real Estate Development</b>		
<a href="#">Rehabilitating Historic Business Property for Mixed Residential and Commercial Use</a> (CGS § <a href="#">10-416b</a> ), Department of Economic and Community Development (DECD)	<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>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> <li>• Air Carriers</li> <li>• Railroad Companies</li> <li>• Community Antenna and Satellite TV Companies</li> <li>• Utility Companies</li> </ul>
<a href="#">Urban and Industrial Sites Reinvestment</a> (CGS § <a href="#">32-9t</a> ), DECD	<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> </ul>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> <li>• Air Carriers</li> <li>• Railroad Companies</li> <li>• Community Antennas</li> <li>• Utility Companies and Satellite TV Companies</li> </ul>
<b>Research and Development</b>		
<a href="#">Incremental Research and Development Expenditures</a> (CGS § <a href="#">12-217j</a> ), DRS	<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>	Corporations
<a href="#">Research and Development Expenditures</a> (CGS § <a href="#">12-217n</a> ), DRS	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>	Corporations

**Table 3 (continued)**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Targeted Area Development</b>		
<a href="#">Developing Manufacturing and Specified Service Facilities in Enterprise Zones , Enterprise Corridor Zones, Targeted Investment Communities, Railroad Depot Zones, Qualified Manufacturing Plants, Airport Development Zones, and Bioscience Enterprise Corridor Zones</a> (CGS § <a href="#">12-217e(a)</a> ), DECD	<ul style="list-style-type: none"> <li>• 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> </li> <li>• 5-year, state-reimbursed 80% abatement of local property taxes on real and personal property that are new to the town’s grand list as a result of business relocation or expansion</li> <li>• Exemption from real estate conveyance tax</li> </ul>	Corporations
<a href="#">Developing Service Facilities in Targeted Investment Communities</a> (CGS § <a href="#">12-217e(b)</a> , 1996), DECD	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> <li>• 5-year local property tax abatement on a sliding scale from 40%-80%. Minimum investment is \$20 million. Abatement is for real and personal property new to the town’s Grand List as a result of business relocation or expansion</li> </ul>	Corporations
<a href="#">Developing Entertainment Facilities in Municipalities with Entertainment Districts</a> (CGS § <a href="#">12-217e(a)</a> ), DECD	Same as enterprise zone credits for manufacturers, but entertainment facility qualifies for property tax exemption and business credits regardless of whether it is located in the entertainment district	Corporations

**Table 3 (continued)**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Targeted Area Development (cont'd)</b>		
<a href="#">Research and Development by Businesses Located in Enterprise Zones</a> (CGS § <a href="#">12-217n(c)</a> ), DECD	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	Corporations
<a href="#">Starting Corporations in Enterprise Zones</a> (CGS § <a href="#">12-217v</a> ), DECD	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>	Corporations
<b>Targeted Industries Development</b>		
<a href="#">Film Production</a> (CGS § <a href="#">12-217jj</a> ), DECD	<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>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> </ul>
<a href="#">Film Production Infrastructure</a> (CGS § <a href="#">12-217kk</a> ), DECD	<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>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> </ul>

**Table 3 (continued)**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<b>Targeted Industries Development (cont'd)</b>		
<a href="#">Digital Animation Production</a> (CGS § <a href="#">12-217ll</a> ), DECD	<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>	<ul style="list-style-type: none"> <li>• Insurance Companies, Hospitals, and Medical Services Corporations</li> <li>• Corporations</li> </ul>
<b>Venture Capital Investments</b>		
<a href="#">Insurance Reinvestment</a> (CGS § <a href="#">38a-88a</a> ), DECD	<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>	Insurance Companies, Hospitals, and Medical Services Corporations investing in eligible Connecticut-based businesses
<a href="#">Angel Investment</a> (CGS § <a href="#">12-704d</a> ), Connecticut Innovations, Inc.	<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>	Individuals (personal income tax) investing in start-up technology-based businesses operating in Connecticut

**Table 4: Federal Economic Development Tax Incentives**

<b>Program &amp; Agency</b>	<b>Incentive Amount</b>	<b>Eligible Taxpayers</b>
<a href="#">Section 179 Tax Deduction for qualifying purchases of property</a> , Internal Revenue Service (IRS)	Deduction equal to the cost of qualifying property, subject to dollar and business income limits determined by the type of property	<ul style="list-style-type: none"> <li>• Corporations</li> <li>• Individuals</li> </ul>
<a href="#">Section 199 Domestic Production Activities Tax Deduction (DPAD)</a> , IRS	Generally, 9% of the smaller of: <ul style="list-style-type: none"> <li>• Qualified production activities income or</li> <li>• Adjusted gross income for an individual, estate, or trust figured without the DPAD</li> </ul>	<ul style="list-style-type: none"> <li>• Corporations</li> <li>• Individuals</li> </ul>
<a href="#">Empowerment Zones</a> , IRS	<ul style="list-style-type: none"> <li>• Wage credits of up to \$3,000 for qualifying employees</li> <li>• Increased Section 179 deductions</li> <li>• Increased WOTC credits</li> </ul>	Corporations
<a href="#">New Market Tax Credit</a> , Department of the Treasury	Credit equals 39% of original investment amount and is claimed over a 7-year period	Corporations and individuals investing in eligible "Community Development Entities"
<a href="#">Work Opportunity Tax Credits</a> , IRS	Tax credit amount varies from 20-40% of an individual's first year wages, depending which "target group" the individual belongs to	Corporations

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