

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-69—sSB 232

Commerce Committee

Finance, Revenue and Bonding Committee

**AN ACT CONCERNING THE MANUFACTURING REINVESTMENT
ACCOUNT PROGRAM**

SUMMARY: This act expands the tax break for eligible manufacturers that establish a Manufacturing Reinvestment Account (MRA) and withdraw funds for a range of qualifying purposes. It does so by exempting from corporation and personal income taxes 100%, rather than 50%, of any withdrawal from an MRA used for qualifying purposes.

The act also (1) reduces, from 100 to 50, the number of manufacturers that can participate in the MRA program and (2) increases, from 50 to 150, the maximum number of employees a manufacturer may have to be eligible for the program.

The MRA program is designed to help small manufacturers fund capital investments and train their workers. Under the program, an approved Connecticut manufacturer may establish an MRA in a Connecticut bank and deposit up to \$100,000 annually for up to five years. Taxes are deferred until funds are withdrawn, and participating manufacturers receive a tax break if they use the funds for qualifying purposes, such as purchasing equipment for in-state facilities, training employees, or expanding facilities. By law, manufacturers receive no tax break on (1) MRA withdrawals used for non-qualifying purposes or (2) the funds remaining in an MRA after the five-year period expires.

EFFECTIVE DATE: July 1, 2014, and applicable to income and taxable years starting on or after January 1, 2014.

OLR Tracking: HP:RP:JKL:ro