



House of Representatives

General Assembly

File No. 843

January Session, 2015

Substitute House Bill No. 7055

House of Representatives, May 18, 2015

The Committee on Finance, Revenue and Bonding reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CONNECTICUT FIRST.

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

1 Section 1. (NEW) (*Effective July 1, 2015, and applicable to income years*
2 *commencing on or after January 1, 2017*) (a) As used in this section, the
3 following terms shall have the following meanings unless the context
4 clearly indicates another meaning:

5 (1) "Brownfield" means any abandoned or underutilized site where
6 redevelopment, reuse or expansion has not occurred due to the
7 presence or potential presence of pollution in soil or groundwater that
8 requires investigation or remediation before or in conjunction with the
9 redevelopment, reuse or expansion of the property;

10 (2) "Brownfield remediation plan" means any written narrative or
11 plan for the substantial remediation of a brownfield, including, but not
12 limited to, the investigation and remediation of any release or
13 threatened release of pollution in soil or groundwater within the

14 boundaries of the brownfield, that is submitted to and approved by the
15 department;

16 (3) "Commissioner" means the Commissioner of Economic and
17 Community Development;

18 (4) "Completion of the brownfield remediation" means the
19 completion of a brownfield remediation plan and the filing of either a
20 verification or interim verification that meets the requirements of
21 section 22a-133x, 22a-133y or 22a-134 of the general statutes, or the
22 written determination by the Commissioner of Energy and
23 Environmental Protection that (A) the brownfield has been
24 investigated in accordance with prevailing standards and guidelines,
25 and (B) remediation has been completed in accordance with the
26 applicable remediation standards for such property adopted by the
27 commissioner under section 22a-133k of the general statutes, except for
28 (i) groundwater monitoring, and (ii) groundwater remediation
29 standards, provided the selected groundwater remedy is in operation
30 but has not achieved the remediation standards for groundwater;

31 (5) "Department" means the Department of Economic and
32 Community Development;

33 (6) "Owner" means any person, firm, limited liability company,
34 nonprofit or for-profit corporation or other business entity or
35 municipality that holds title to a brownfield and undertakes a
36 brownfield remediation plan;

37 (7) "Qualified expenditures" means the expenditures associated with
38 the investigation, assessment and remediation of a brownfield,
39 including, but not limited to: (A) Soil, groundwater and infrastructure
40 investigation, (B) assessment, (C) remediation of soil, sediments,
41 groundwater or surface water, (D) abatement, (E) hazardous materials
42 or waste removal and disposal, (F) long-term groundwater or natural
43 attenuation monitoring, (G) (i) environmental land use restrictions, (ii)
44 activity and use limitations, or (iii) other forms of institutional control,
45 (H) reasonable attorneys' fees, (I) planning, engineering and

46 environmental consulting, and (J) remedial activity to address building
47 and structural issues, including, but not limited to, demolition,
48 asbestos abatement, polychlorinated biphenyls removal, contaminated
49 wood or paint removal and other infrastructure remedial activities.
50 "Qualified expenditures" do not include expenditures funded for such
51 investigation, assessment, remediation and development directly
52 through other state brownfield programs administered by the
53 commissioner.

54 (b) (1) The department shall administer a system of tax credit
55 vouchers within the resources, requirements and purposes of this
56 section for the remediation of a brownfield by an owner.

57 (2) The credit authorized by this section shall be available in the tax
58 year in which the completion of the brownfield remediation takes
59 place. In the case of a brownfield remediation plan that is completed in
60 phases, the tax credit shall be prorated to the identifiable portion of the
61 completed brownfield remediation. If the tax credit is more than the
62 amount owed by the taxpayer for the year in which the completion of
63 the brownfield remediation takes place, the amount that is more than
64 the taxpayer's tax liability may be carried forward and credited against
65 the taxes imposed for the succeeding five years or until the full credit
66 is used, whichever occurs first.

67 (3) In the case of a brownfield remediation plan that is completed in
68 phases, the department may issue vouchers for the identifiable portion
69 of the completed brownfield remediation.

70 (4) If a credit is allowed under this section for the remediation of a
71 brownfield with multiple owners, such credit shall be passed through
72 to such owners, or persons designated as partners or members of such
73 owners, pro rata or pursuant to an agreement among such owners, or
74 persons designated as partners or members of such owners,
75 documenting an alternative distribution method without regard to
76 other tax or economic attributes of such owners.

77 (5) Any owner entitled to a credit under this section may sell, assign

78 or otherwise transfer such credit, in whole or in part, to one or more
79 persons, as defined in section 12-1 of the general statutes, provided
80 any credit, after issuance, may be sold, assigned or otherwise
81 transferred, in whole or in part, not more than three times. Such
82 transferee shall be entitled to offset the tax imposed under chapter 207,
83 208, 209, 210, 211 or 212 of the general statutes as if such transferee had
84 incurred the qualified expenditure.

85 (6) If a credit under this section is sold, assigned or otherwise
86 transferred, whether by the owner or any subsequent transferee, the
87 transferor and transferee shall jointly submit written notification of
88 such transfer to the department not later than thirty days after such
89 transfer. The notification after each transfer shall include the credit
90 voucher number, the date of the transfer, the amount of the credit
91 transferred, the tax credit balance before and after the transfer, the tax
92 identification numbers for both the transferor and the transferee and
93 any other information required by the Commissioner of Revenue
94 Services. Failure to comply with this subsection shall result in a
95 disallowance of the tax credit until there is full compliance on the part
96 of the transferor and the transferee, and for a second or third transfer,
97 on the part of all subsequent transferors and transferees.

98 (7) The department shall provide a list to the Commissioner of
99 Revenue Services, on an annual basis, detailing the credits that have
100 been approved for the most recent fiscal year and all sales,
101 assignments and transfers thereof that were made under this section
102 for said fiscal year.

103 (c) For the purpose of seeking a tax credit voucher pursuant to
104 subsection (b) of this section, prior to beginning any brownfield
105 remediation, the owner shall submit to the commissioner a tax credit
106 application on forms provided by the commissioner and with such
107 information the commissioner deems necessary, including, but not
108 limited to: (1) A brownfield remediation plan; (2) a description of the
109 proposed brownfield remediation and redevelopment project, if any;
110 (3) an explanation of the expected benefits of the proposed project; (4)

111 information concerning the financial and technical capacity of the
112 applicant to undertake the proposed project; (5) an estimate of the
113 qualified expenditures; and (6) if the owner plans to undertake the
114 brownfield remediation in phases, a complete description of each such
115 phase, with anticipated schedules for the completion of brownfield
116 remediation and an estimate of the qualified expenditures in each
117 phase. The commissioner may charge any owner seeking a tax credit
118 voucher pursuant to this subsection an application fee in an amount
119 not to exceed five thousand dollars to cover the cost of administering
120 the program established pursuant to this section. If an application is
121 not approved in one fiscal year but is resubmitted in a subsequent
122 fiscal year, the commissioner may waive the application fee for the
123 resubmitted application.

124 (d) The commissioner may approve, reject or modify any
125 application properly submitted in accordance with the provisions of
126 this section. In reviewing an application and determining whether to
127 issue tax credit vouchers, the commissioner shall consider the
128 following criteria: (1) The availability of funds; (2) the estimated
129 eligible costs; (3) the relative economic condition of the municipality in
130 which the brownfield is located; (4) the applicant's relative need for
131 financial assistance to undertake the project; (5) the degree to which a
132 tax credit under this section is necessary to induce the applicant to
133 undertake the project; (6) the public health and environmental benefits
134 of the project; (7) the relative benefits of the project to the municipality,
135 the region and the state, including, but not limited to, the extent to
136 which the project will likely result in a contribution to the
137 municipality's tax base, the retention and creation of jobs and the
138 reduction of blight; (8) the time frame in which the contamination
139 occurred; (9) the relationship of the applicant to the person or entity
140 that caused the contamination; (10) the length of time the brownfield
141 has been abandoned; and (11) such other criteria as the commissioner
142 may establish consistent with the purposes of this section.

143 (e) The commissioner shall issue tax credit vouchers on a
144 competitive basis, based on a request for applications occurring

145 semiannually in April and October. The commissioner may increase
146 the frequency of requests for applications and awards depending on
147 the number of applicants and the availability of funding.

148 (f) If the commissioner approves an application for a tax credit
149 voucher, the department shall reserve for the benefit of the owner an
150 allocation for a tax credit equivalent to the lesser of (1) fifty per cent of
151 the projected qualified expenditures, or (2) two million dollars.

152 (g) Following the completion of the brownfield remediation plan in
153 its entirety or in phases to an identifiable portion of the brownfield,
154 any owner who seeks a tax credit voucher pursuant to subsection (b) of
155 this section shall notify the commissioner that such substantial
156 completion of the brownfield remediation has occurred. Such owner
157 shall provide the department with documentation of the remediation
158 performed on the brownfield, evidence of the substantial completion
159 of the brownfield remediation and certification of the qualified
160 expenditures incurred as part of the substantial completion of the
161 brownfield remediation plan. The commissioner shall review such
162 remediation and verify its compliance with the brownfield
163 remediation plan. Following such verification, the department shall
164 issue a tax credit voucher to such owner in an amount equivalent to
165 the amount of the qualified expenditure, provided such amount does
166 not exceed the amount reserved under subsection (f) of this section. In
167 order to obtain a credit against any state tax due that is specified in
168 subsection (h) of this section, the holder of the tax credit voucher shall
169 file the voucher with the holder's state tax return.

170 (h) The Commissioner of Revenue Services shall grant a tax credit to
171 a taxpayer holding the tax credit voucher issued in accordance with
172 subsections (b) to (g), inclusive, of this section against any tax due
173 under chapter 207, 208, 209, 210, 211 or 212 of the general statutes in
174 the amount specified in the tax credit voucher. Such taxpayer shall
175 submit the voucher and the corresponding tax return to the
176 Department of Revenue Services.

177 (i) The aggregate amount of all tax credit vouchers that may be

178 reserved by the department upon approval of tax credit applications
179 pursuant to subsections (b) to (h), inclusive, of this section shall not
180 exceed twenty million dollars annually for the fiscal years commencing
181 July 1, 2017, to July 1, 2021, inclusive. No project may receive tax
182 credits in an amount exceeding two million dollars.

183 (j) The commissioner may adopt regulations, in accordance with
184 chapter 54 of the general statutes, to implement the provisions of this
185 section.

186 (k) Not later than October 1, 2018, and annually thereafter, the
187 department shall report, in accordance with section 11-4a of the
188 general statutes, the total amount of tax credit vouchers reserved for
189 the prior fiscal year pursuant to subsections (b) to (j), inclusive, of this
190 section, to the joint standing committees of the General Assembly
191 having cognizance of matters relating to commerce and finance,
192 revenue and bonding. Each such report shall include the following
193 information for each project for which a tax credit voucher has been
194 reserved: (1) The total project costs, and (2) the value of the tax credit
195 vouchers reserved pursuant to subsection (f) of this section.

196 Sec. 2. (*Effective July 1, 2015*) (a) For the purposes described in
197 subsection (b) of this section, the State Bond Commission shall have
198 the power from time to time to authorize the issuance of bonds of the
199 state in one or more series and in principal amounts not exceeding in
200 the aggregate one hundred million dollars.

201 (b) The proceeds of the sale of such bonds, to the extent of the
202 amount stated in subsection (a) of this section, shall be used by the
203 Department of Economic and Community Development for the
204 purpose of funding the remedial action and redevelopment municipal
205 grant program established in section 32-763 of the general statutes, and
206 the targeted brownfield development loan program established in
207 section 32-765 of the general statutes.

208 (c) All provisions of section 3-20 of the general statutes, or the
209 exercise of any right or power granted thereby, that are not

210 inconsistent with the provisions of this section are hereby adopted and
211 shall apply to all bonds authorized by the State Bond Commission
212 pursuant to this section. Temporary notes in anticipation of the money
213 to be derived from the sale of any such bonds so authorized may be
214 issued in accordance with section 3-20 of the general statutes and from
215 time to time renewed. Such bonds shall mature at such time or times
216 not exceeding twenty years from their respective dates as may be
217 provided in or pursuant to the resolution or resolutions of the State
218 Bond Commission authorizing such bonds. None of such bonds shall
219 be authorized except upon a finding by the State Bond Commission
220 that there has been filed with it a request for such authorization that is
221 signed by or on behalf of the Secretary of the Office of Policy and
222 Management and states such terms and conditions as said commission,
223 in its discretion, may require. Such bonds issued pursuant to this
224 section shall be general obligations of the state and the full faith and
225 credit of the state of Connecticut are pledged for the payment of the
226 principal of and interest on such bonds as the same become due, and
227 accordingly and as part of the contract of the state with the holders of
228 such bonds, appropriation of all amounts necessary for punctual
229 payment of such principal and interest is hereby made, and the State
230 Treasurer shall pay such principal and interest as the same become
231 due.

232 Sec. 3. Section 16-244r of the general statutes is repealed and the
233 following is substituted in lieu thereof (*Effective July 1, 2015*):

234 (a) Commencing on January 1, 2012, and within the period
235 established in subsection (a) of section 16-244s, as amended by this act,
236 each electric distribution company shall solicit and file with the Public
237 Utilities Regulatory Authority for its approval one or more long-term
238 contracts with owners or developers of Class I generation projects that
239 emit no pollutants and that are less than one thousand kilowatts in
240 size, [located on the customer side of the revenue meter and] that serve
241 the distribution system of the electric distribution company and are
242 located on either (1) the customer side of the revenue meter, or (2) on
243 or after July 1, 2015, a brownfield, as defined in section 32-760, or a

244 solid waste disposal area, as defined in section 22a-260, provided such
245 brownfield or solid waste disposal area has been remediated in
246 accordance with applicable law and regulations and the standards of
247 remediation of the Department of Energy and Environmental
248 Protection. The authority may give a preference to contracts for
249 technologies manufactured, researched or developed in the state.

250 (b) Solicitations conducted by the electric distribution company
251 shall be for the purchase of renewable energy credits produced by
252 eligible customer-sited generating projects over the duration of the
253 long-term contract. For the purposes of this section, a long-term
254 contract is a contract for fifteen years or more.

255 (c) (1) The aggregate procurement of renewable energy credits by
256 electric distribution companies pursuant to this section shall (A) be
257 eight million dollars in the first year, and (B) increase by an additional
258 eight million dollars per year in years two to four, inclusive.

259 (2) After year four, the authority shall review contracts entered into
260 pursuant to this section and, if the authority determines that the cost of
261 the technologies included in such contracts have been reduced, the
262 authority shall seek to enter new contracts for the total of six years.

263 (A) If the authority determines such costs have been reduced, the
264 aggregate procurement of renewable energy credits by electric
265 distribution companies pursuant to this subdivision shall (i) increase
266 by an additional eight million dollars per year in years five and six, (ii)
267 be forty-eight million dollars in years seven to fifteen, inclusive, and
268 (iii) decline by eight million dollars per year in years sixteen to twenty-
269 one, inclusive, provided any money not allocated in any given year
270 may roll into the next year's available funds.

271 (B) If the authority determines such costs have not been reduced,
272 the aggregate procurement of renewable energy credits by electric
273 distribution companies pursuant to this subdivision shall (i) be thirty-
274 two million dollars in years five to thirteen, inclusive, and (ii) decline
275 by eight million dollars per year in years fourteen to nineteen,

276 inclusive, provided any money not allocated in any given year may
277 roll into the next year's available funds.

278 (3) The production of a megawatt hour of electricity from a Class I
279 renewable energy source first placed in service on or after July 1, 2011,
280 shall create one renewable energy credit. A renewable energy credit
281 shall have an effective life covering the year in which the credit was
282 created and the following calendar year. The obligation to purchase
283 renewable energy credits shall be apportioned to electric distribution
284 companies based on their respective distribution system loads at the
285 commencement of the procurement period, as determined by the
286 authority. For contracts entered into in calendar year 2012, an electric
287 distribution company shall not be required to enter into a contract that
288 provides a payment of more than three hundred fifty dollars, per
289 renewable energy credit in any year over the term of the contract. For
290 contracts entered into in calendar years 2013 to 2017, inclusive, at least
291 ninety days before each annual electric distribution company
292 solicitation, the Public Utilities Regulatory Authority may lower the
293 renewable energy credit price cap specified in this subsection by three
294 to seven per cent annually, during each of the six years of the program
295 over the term of the contract. In the course of lowering such price cap
296 applicable to each annual solicitation, the authority shall, after notice
297 and opportunity for public comment, consider such factors as the
298 actual bid results from the most recent electric distribution company
299 solicitation and reasonably foreseeable reductions in the cost of eligible
300 technologies.

301 (d) Notwithstanding subdivision (1) of subsection (h) of section 16-
302 244c, an electric distribution company may retire the renewable energy
303 credits it procures through long-term contracting to satisfy its
304 obligation pursuant to section 16-245a.

305 (e) Nothing in this section shall preclude the resale or other
306 disposition of energy or associated renewable energy credits
307 purchased by the electric distribution company, provided the
308 distribution company shall net the cost of payments made to projects

309 under the long-term contracts against the proceeds of the sale of
310 energy or renewable energy credits and the difference shall be credited
311 or charged to distribution customers through a reconciling component
312 of electric rates as determined by the authority that is nonbypassable
313 when switching electric suppliers.

314 Sec. 4. Section 16-244s of the general statutes is repealed and the
315 following is substituted in lieu thereof (*Effective July 1, 2015*):

316 (a) To procure the long-term contracts described in section 16-244r,
317 as amended by this act, each electric distribution company shall, not
318 later than one hundred eighty days after July 1, 2011, propose a six-
319 year solicitation plan that shall include (1) a timetable and
320 methodology for soliciting proposals for the long-term purchase of
321 renewable energy credits from in-state generators of Class I
322 technologies that emit no pollutants and are not more than one
323 megawatt in size, and (2) declining annual incentives during each of
324 the six years of the program. The electric distribution company's
325 solicitation plan shall be subject to the review and approval of the
326 Public Utilities Regulatory Authority.

327 (b) The electric distribution company's approved solicitation plan
328 shall be designed to foster a diversity of project sizes and participation
329 among all eligible customer classes subject to cost-effectiveness
330 considerations. Separate procurement processes shall be conducted for
331 (1) systems up to one hundred kilowatts; (2) systems greater than one
332 hundred kilowatts but less than two hundred fifty kilowatts; and (3)
333 systems between two hundred fifty and one thousand kilowatts. The
334 Public Utilities Regulatory Authority shall give preference to
335 competitive bidding for resources of more than one hundred kilowatts,
336 with bids ranked in order on the basis of lowest net present value of
337 required renewable energy credit price, unless the authority
338 determines that an alternative methodology is in the best interests of
339 the electric distribution company's customers and the development of
340 a competitive and self-sustaining market. Systems up to one hundred
341 kilowatts in size shall be eligible to receive, on an ongoing and

342 continuous basis, a renewable energy credit offer price equivalent to
343 the weighted average accepted bid price in the most recent solicitation
344 for systems greater than one hundred kilowatts but less than two
345 hundred fifty kilowatts, plus an additional incentive of ten per cent.
346 On or after July 1, 2015, systems up to seven hundred fifty kilowatts in
347 size located on a brownfield, as defined in section 32-760, or a solid
348 waste disposal area, as defined in section 22a-260, provided such
349 brownfield or solid waste disposal area has been remediated in
350 accordance with applicable law and regulations and the standards of
351 remediation of the Department of Energy and Environmental
352 Protection, shall be eligible to receive, on an ongoing and continuous
353 basis, a renewable energy credit offer price equivalent to the weighted
354 average accepted bid price in the most recent solicitation for systems
355 greater than seven hundred fifty kilowatts but less than one thousand
356 kilowatts, plus an additional incentive of ten per cent.

357 (c) Each electric distribution company shall execute its approved
358 six-year solicitation plan and submit to the Public Utilities Regulatory
359 Authority for review and approval of its preferred procurement plan
360 comprised of any proposed contract or contracts with independent
361 developers. If an electric distribution company's solicitation does not
362 result in proposed contracts totaling the annual expenditure pursuant
363 to subsection (a) of section 16-244r, as amended by this act, and the
364 Public Utilities Regulatory Authority has reduced the cap price by
365 more than three per cent pursuant to subsection (c) of section 16-244r,
366 as amended by this act, the authority shall, within ninety days, issue a
367 request for proposals for additional contracts. The authority shall
368 approve contract proposals submitted in response to such request on a
369 least-cost basis, provided an electric distribution company shall not be
370 required to enter into a contract that provides for a payment in any
371 year of the contract that exceeds the renewable energy price cap for the
372 prior year by less than three per cent.

373 (d) The Public Utilities Regulatory Authority shall hold a hearing
374 [that shall be conducted as an uncontested case,] in accordance with
375 the provisions of chapter 54, to approve, reject or modify an

376 application for approval of the electric distribution company's
377 procurement plan, except that such hearing and proceeding shall not
378 be a contested case, as defined in section 4-166. The authority shall
379 only approve such [proposed] procurement plan if the authority finds
380 that (1) the solicitation and evaluation conducted by the electric
381 distribution company was the result of a fair, open, competitive and
382 transparent process; (2) approval of the procurement plan would result
383 in the greatest expected ratepayer value from energy from Class I or
384 renewable energy credits at the lowest reasonable cost; and (3) such
385 procurement plan satisfies other criteria established in the approved
386 solicitation plan. The authority shall not approve any proposal made
387 under such plan unless it determines that the plan and proposals
388 encompass all foreseeable sources of revenue or benefits and that such
389 proposals, together with such revenue or benefits, would result in the
390 greatest expected ratepayer value from energy technologies that emit
391 no pollutants or renewable energy credits. The authority may, in its
392 discretion, retain the services of an independent consultant with
393 expertise in the area of energy procurement to assist in such
394 determination. The independent consultant shall be unaffiliated with
395 the electric distribution company or its affiliates and shall not, directly
396 or indirectly, have benefited from employment or contracts with the
397 electric distribution company or its affiliates in the preceding five
398 years, except as an independent consultant. The electric distribution
399 company shall provide the independent consultant immediate and
400 continuing access to all documents and data reviewed, used or
401 produced by the electric distribution company in its bid solicitation
402 and evaluation process. The electric distribution company shall make
403 all of its personnel, agents and contractors used in the bid solicitation
404 and evaluation available for interview by the consultant. The electric
405 distribution company shall conduct any additional modeling
406 requested by the independent consultant to test the assumptions and
407 results of the bid evaluation process. The independent consultant shall
408 not participate in or advise the electric distribution company with
409 respect to any decisions in the bid solicitation or bid evaluation
410 process. The authority's administrative costs in reviewing the electric

411 distribution company's procurement plan and the costs of the
412 consultant shall be recovered through a reconciling component of
413 electric rates as determined by the authority.

414 (e) The electric distribution company shall be entitled to recover its
415 reasonable costs and fees prudently incurred [of] in complying with its
416 approved procurement plan through a reconciling component of
417 electric rates as determined by the authority. Nothing in this section
418 shall preclude the resale or other disposition of energy or associated
419 renewable energy credits purchased by the electric distribution
420 company, provided the distribution company shall net the cost of
421 payments made to projects under the long-term contracts against the
422 proceeds of the sale of energy or renewable energy credits and the
423 difference shall be credited or charged to distribution customers
424 through a reconciling component of electric rates as determined by the
425 authority that is nonbypassable when switching electric suppliers.

426 (f) Failure by the electric distribution company to execute its
427 approved solicitation plan shall result in the assessment of a
428 noncompliance fee. Unless, upon petition by the electric distribution
429 company, the authority grants the distribution company an extension
430 not to exceed ninety days to correct this deficiency, the electric
431 distribution company shall be assessed a noncompliance fee equal to
432 one hundred twenty-five per cent of the difference between the annual
433 distribution company expenditures required pursuant to subsection (c)
434 of section 16-244r, as amended by this act, and the contractually
435 committed expenditure for renewable energy credits from eligible zero
436 emissions customer-sited generating projects in that year. The
437 noncompliance fees associated with the procurement shortfall shall be
438 collected by the distribution company, maintained in a separate
439 interest-bearing account and disbursed to the department on a
440 quarterly basis. Funds collected by the authority pursuant to this
441 section shall be used to support the deployment of Class I zero
442 emissions generating systems installed in the state with priority given
443 to otherwise underserved market segments, including, but not limited
444 to, low-income housing, schools and other public buildings and

445 nonprofits. The authority may waive a noncompliance fee assessed
446 pursuant to this section if the authority determines that meeting the
447 requirements of this subsection would be commercially infeasible.

448 (g) Not later than sixty days after its approval of the distribution
449 company procurement plans submitted on or before January 1, 2013,
450 the Public Utilities Regulatory Authority shall submit a report to the
451 joint standing committee of the General Assembly having cognizance
452 of matters relating to energy. The report shall document for each
453 distribution company procurement plan: (1) The total number of
454 renewable energy credits bid relative to the number of renewable
455 energy credits requested by the distribution company; (2) the total
456 number of bidders in each market segment; (3) the number and value
457 of contracts awarded; (4) the total weighted average price of the
458 renewable energy credits or energy so purchased; and (5) the extent to
459 which the costs of the technology has been reduced. The authority
460 shall not report individual bid information or other proprietary
461 information.

462 Sec. 5. Section 12-704d of the general statutes is repealed and the
463 following is substituted in lieu thereof (*Effective July 1, 2015, and*
464 *applicable to taxable years commencing on or after January 1, 2017*):

465 (a) As used in this section:

466 (1) "Angel investor" means an accredited investor, as defined by the
467 Securities and Exchange Commission, or network of accredited
468 investors who review new or proposed businesses for potential
469 investment and who may seek active involvement, such as consulting
470 and mentoring, in a Connecticut business, [but] except that "angel
471 investor" does not include (A) a person controlling fifty per cent or
472 more of the Connecticut business invested in by the angel investor, (B)
473 a venture capital company, or (C) any bank, bank and trust company,
474 insurance company, trust company, national bank, savings association
475 or building and loan association for activities that are a part of its
476 normal course of business;

477 (2) "Cash investment" means the contribution of cash, at a risk of
478 loss, to a qualified Connecticut business in exchange for qualified
479 securities;

480 (3) "Connecticut business" means any business with its principal
481 place of business in Connecticut that is engaged in bioscience,
482 advanced materials, photonics, information technology, clean
483 technology, cybersecurity technology or any other emerging
484 technology as determined by the Commissioner of Economic and
485 Community Development;

486 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,
487 medical equipment or medical devices and analytical laboratory
488 instruments, operating medical or diagnostic testing laboratories, or
489 conducting pure research and development in life sciences;

490 (5) "Advanced materials" means developing, formulating or
491 manufacturing advanced alloys, coatings, lubricants, refrigerants,
492 surfactants, emulsifiers or substrates;

493 (6) "Photonics" means generation, emission, transmission,
494 modulation, signal processing, switching, amplification, detection and
495 sensing of light from ultraviolet to infrared and the manufacture,
496 research or development of opto-electronic devices, including, but not
497 limited to, lasers, masers, fiber optic devices, quantum devices,
498 holographic devices and related technologies;

499 (7) "Information technology" means software publishing, motion
500 picture and video production, teleproduction and postproduction
501 services, telecommunications, data processing, hosting and related
502 services, custom computer programming services, computer system
503 design, computer facilities management services, other computer
504 related services and computer training;

505 (8) "Clean technology" means the production, manufacture, design,
506 research or development of clean energy, green buildings, smart grid,
507 high-efficiency transportation vehicles and alternative fuels,

508 environmental products, environmental remediation and pollution
509 prevention; [and]

510 (9) "Qualified securities" means any form of equity, including a
511 general or limited partnership interest, common stock, preferred stock,
512 with or without voting rights, without regard to seniority position that
513 must be convertible into common stock; and

514 (10) "Cybersecurity technology" means information technology
515 products or goods intended to detect or prevent activity intended to
516 result in unauthorized access to, exfiltration of, manipulation of, or
517 impairment to the integrity, confidentiality or availability of an
518 information technology system or information stored on, or transiting,
519 an information technology system.

520 (b) There shall be allowed a credit against the tax imposed under
521 this chapter, other than the liability imposed by section 12-707, for a
522 cash investment of not less than twenty-five thousand dollars in the
523 qualified securities of a Connecticut business by an angel investor. The
524 credit shall be in an amount equal to thirty-three per cent of such
525 investor's cash investment in any Connecticut business that is
526 primarily engaged in bioscience, clean technology or cybersecurity
527 technology or twenty-five per cent of such investor's cash investment
528 in any other Connecticut business eligible for the tax credits provided
529 under this section, provided the total tax credits allowed to any angel
530 investor shall not exceed two hundred fifty thousand dollars. The
531 credit shall be claimed in the taxable year in which such cash
532 investment is made by the angel investor and shall not be transferable.

533 (c) To qualify for a tax credit pursuant to this section, a cash
534 investment shall be in a Connecticut business that (1) has been
535 approved as a qualified Connecticut business pursuant to subsection
536 (d) of this section; (2) had annual gross revenues of less than one
537 million dollars in the most recent income year of such business; (3) has
538 fewer than twenty-five employees, not less than seventy-five per cent
539 of whom reside in this state; (4) has been operating in this state for less
540 than seven consecutive years; (5) is primarily owned by the

541 management of the business and their families; and (6) received less
542 than two million dollars in cash investments eligible for the tax credits
543 provided [by] under this section.

544 (d) (1) A Connecticut business may apply to Connecticut
545 Innovations, Incorporated, for approval as a Connecticut business
546 qualified to receive cash investments eligible for a tax credit pursuant
547 to this section. The application shall include (A) the name of the
548 business and a copy of the organizational documents of such business,
549 (B) a business plan, including a description of the business and the
550 management, product, market and financial plan of the business, (C) a
551 description of the business's innovative technology, product or service,
552 (D) a statement of the potential economic impact of the business,
553 including the number, location and types of jobs expected to be
554 created, (E) a description of the qualified securities to be issued and the
555 amount of cash investment sought by the qualified Connecticut
556 business, (F) a statement of the amount, timing and projected use of
557 the proceeds to be raised from the proposed sale of qualified securities,
558 and (G) such other information as the chief executive officer of
559 Connecticut Innovations, Incorporated, may require.

560 (2) Said chief executive officer shall, on a monthly basis, compile a
561 list of approved applications, categorized by the cash investments
562 being sought by the qualified Connecticut business and type of
563 qualified securities offered.

564 (e) (1) Any angel investor that intends to make a cash investment in
565 a business on such list may apply to Connecticut Innovations,
566 Incorporated, to reserve a tax credit in the amount indicated by such
567 investor. The aggregate amount of all tax credits under this section that
568 may be reserved by Connecticut Innovations, Incorporated, shall not
569 exceed six million dollars annually for the fiscal years commencing
570 July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three
571 million dollars in each fiscal year thereafter. Connecticut Innovations,
572 Incorporated, shall not reserve tax credits under this section for any
573 investment made on or after July 1, [2016] 2017.

574 (2) The amount of the credit allowed to any investor pursuant to this
575 section shall not exceed the amount of tax due from such investor
576 under this chapter, other than section 12-707, with respect to such
577 taxable year. Any tax credit that is claimed by the angel investor but
578 not applied against the tax due under this chapter, other than the
579 liability imposed under section 12-707, may be carried forward for the
580 five immediately succeeding taxable years until the full credit has been
581 applied.

582 (f) If the angel investor is an S corporation or an entity treated as a
583 partnership for federal income tax purposes, the tax credit may be
584 claimed by the shareholders or partners of the angel investor. If the
585 angel investor is a single member limited liability company that is
586 disregarded as an entity separate from its owner, the tax credit may be
587 claimed by such limited liability company's owner, provided such
588 owner is a person subject to the tax imposed under this chapter.

589 (g) [A] Connecticut Innovations, Incorporated, shall conduct a
590 review of the cumulative effectiveness of the credit under this section
591 [shall be conducted by Connecticut Innovations, Incorporated,] by July
592 1, 2014, and by July first annually thereafter. Such review shall include,
593 but need not be limited to, the number and type of Connecticut
594 businesses that received angel investments, the number of angel
595 investors and the aggregate amount of cash investments, the current
596 status of each Connecticut business that received angel investments,
597 the number of employees employed in each year following the year in
598 which such Connecticut business received the angel investment, and
599 the economic impact in the state, of the Connecticut business that
600 received the angel investment. Such review shall be submitted to the
601 Office of Policy and Management and to the joint standing [committee]
602 committees of the General Assembly having cognizance of matters
603 relating to commerce and finance, in accordance with the provisions of
604 section 11-4a.

605 Sec. 6. Section 12-217v of the general statutes is repealed and the
606 following is substituted in lieu thereof (*Effective July 1, 2015, and*

607 applicable to taxable years commencing on or after January 1, 2017):

608 (a) As used in this section, "qualifying corporation" means a
609 corporation which is: [created]

610 (1) Created on or after January 1, 1997, in an enterprise zone and
611 which either [(1)] (A) has at least three hundred seventy-five
612 employees, at least forty per cent of whom [(A)] (i) are residents of the
613 enterprise zone or the municipality in which the enterprise zone is
614 located, and [(B)] (ii) qualify under the Job Training Partnership Act, or
615 [(2)] (B) has less than three hundred seventy-five employees, at least
616 one hundred fifty employees of whom [(A)] (i) are residents of the
617 enterprise zone or the municipality in which the enterprise zone is
618 located, and [(B)] (ii) qualify under the Job Training Partnership Act; or

619 (2) Created on or after July 1, 2015, in a distressed municipality, as
620 defined in section 32-9p, and which is primarily engaged in either
621 bioscience, as defined in section 12-704d, as amended by this act, clean
622 technology, as defined in section 12-704d, as amended by this act, or
623 cybersecurity technology as defined in section 12-704d, as amended by
624 this act.

625 (b) There shall be allowed as a credit against the tax imposed [on
626 any corporation] under this chapter on any corporation described in
627 subdivision (1) of subsection (a) of this section which is created on or
628 after January 1, 1997, in an enterprise zone, or any corporation
629 described in subdivision (2) of subsection (a) of this section which is
630 created on or after July 1, 2015, in a distressed municipality in an
631 amount equal to (1) one hundred per cent of the tax liability of the
632 corporation under said chapter with respect to the first three taxable
633 years of the corporation and (2) fifty per cent of the tax liability of the
634 corporation under this chapter with respect to the next seven taxable
635 years of the corporation.

636 Sec. 7. Section 12-217w of the general statutes is repealed and the
637 following is substituted in lieu thereof (*Effective July 1, 2015, and*
638 *applicable to taxable years commencing on or after January 1, 2017*):

639 (a) For purposes of this section, "fixed capital" means tangible
640 personal property which (1) has a class life, in years, of more than four
641 years, as described in Section 168(e) of the Internal Revenue Code of
642 1986, or any subsequent corresponding internal revenue code of the
643 United States, as from time to time amended, (2) is acquired by
644 purchase from a person other than a related person, (3) is not acquired
645 to be leased, and is not leased, to another person or persons during the
646 twelve full months following its acquisition, and (4) will be held and
647 used in this state by a corporation in the ordinary course of the
648 corporation's trade or business in this state for not less than five full
649 years following its acquisition. "Fixed capital" does not include
650 inventory, land, buildings or structures, or mobile transportation
651 property. With respect to a corporation claiming a credit under this
652 section, a "related person" means a corporation, partnership,
653 association or trust controlled by such corporation; an individual,
654 corporation, partnership, association or trust that is in control of such
655 corporation; a corporation, partnership, association or trust controlled
656 by an individual, corporation, partnership, association or trust that is
657 in control of such corporation; or a member of the same controlled
658 group as such corporation. For purposes of this section, "control", with
659 respect to a corporation, means ownership, directly or indirectly, of
660 stock possessing fifty per cent or more of the total combined voting
661 power of all classes of the stock of such corporation entitled to vote;
662 with respect to a trust, means ownership, directly or indirectly, of fifty
663 per cent or more of the beneficial interest in the principal or income of
664 such trust. The ownership of stock in a corporation, of a capital or
665 profits interest in a partnership or association or of a beneficial interest
666 in a trust shall be determined in accordance with the rules for
667 constructive ownership of stock provided in Section 267(c) of the
668 Internal Revenue Code of 1986, or any subsequent corresponding
669 internal revenue code of the United States, as from time to time
670 amended, other than paragraph (3) of such section.

671 (b) There shall be allowed a credit for any corporation against the
672 tax imposed under this chapter in an amount paid or incurred by such
673 corporation for any new fixed capital investment during the income

674 year in which such fixed capital is acquired as follows: For any income
675 year commencing on or after January 1, 1998, and prior to January 1,
676 1999, equal to three per cent of such amount paid or incurred by the
677 corporation during such income year; for any income year
678 commencing on or after January 1, 1999, and prior to January 1, 2000,
679 equal to four per cent of such amount paid or incurred by the
680 corporation during such income year; and for any income year
681 commencing on or after January 1, 2000, equal to five per cent of such
682 amount paid or incurred by the corporation during such income year,
683 except that for any income year commencing on or after January 1,
684 2017, equal to ten per cent of such amount paid or incurred by the
685 corporation during such income year for fixed capital acquired for
686 bioscience, as defined in section 12-704d, as amended by this act, clean
687 technology, as defined in section 12-704d, as amended by this act, or
688 cybersecurity technology, as defined in section 12-704d, as amended by
689 this act.

690 (c) The amount of such credit allowed to any corporation under this
691 section shall not exceed the amount of tax due from such corporation
692 under this chapter with respect to such income year.

693 (d) No corporation claiming the credit under this section with
694 respect to the acquisition of fixed capital, as defined in subsection (a) of
695 this section, may claim a credit against any tax under any other
696 provision of the general statutes with respect to the same acquisition.

697 (e) Any tax credit not used in the income year during which the
698 acquisition was made may be carried forward for the five immediately
699 succeeding income years until the full credit has been allowed.

700 (f) If the fixed capital on account of which a corporation has claimed
701 the credit allowed by this section is not held and used in this state in
702 the ordinary course of the corporation's trade or business in this state
703 for three full years following its acquisition as provided in subsection
704 (a) of this section, the corporation shall recapture one hundred per cent
705 of the amount of the credit allowed under this section on its
706 corporation business tax return required to be filed for the income year

707 immediately succeeding the income year during which such three-year
708 period expires. If the fixed capital on account of which a corporation
709 has claimed the credit allowed by this section is not held and used in
710 this state in the ordinary course of the corporation's trade or business
711 in this state for five full years following its acquisition as provided in
712 subsection (a) of this section, the corporation shall recapture fifty per
713 cent of the amount of the credit allowed under this section on its
714 corporation business tax return required to be filed for the income year
715 immediately succeeding the income year during which such five-year
716 period expires. The provisions of this subsection shall not apply if the
717 property that is the subject of the credit under this section is replaced.
718 If any amount of credit required to be recaptured has not been paid to
719 the commissioner on or before the first day of the fourth month next
720 succeeding the end of the income year immediately succeeding the
721 income year during which the three-year or five-year period, as the
722 case may be, expires, such amount shall bear interest at the rate of one
723 per cent per month or fraction thereof from such date to the date of
724 payment.

725 Sec. 8. Section 32-9t of the general statutes is repealed and the
726 following is substituted in lieu thereof (*Effective July 1, 2015, and*
727 *applicable to taxable years commencing on or after January 1, 2017*):

728 (a) As used in this section:

729 (1) "Commissioner" means the Commissioner of Economic and
730 Community Development.

731 (2) "Eligible industrial site investment project" means a project
732 located within this state for the development or redevelopment of real
733 property: (A) (i) That has been subject to a "spill", as defined in section
734 22a-452c, (ii) is an "establishment", as defined in subdivision (3) of
735 section 22a-134, or (iii) is a "facility", as defined in 42 USC 9601(9); (B)
736 that, if remediated, renovated or demolished in accordance with
737 applicable law and regulations and the standards of remediation of the
738 Department of Energy and Environmental Protection and used for
739 business purposes, will add significant new economic activity and

740 employment in the municipality in which the investment is to be
741 made, and will generate additional tax revenues to the state; (C) for
742 which the use of the urban and industrial site reinvestment program
743 will be necessary to attract private investment to the project; (D) the
744 business use of which would be economically viable and would
745 generate direct and indirect economic benefits to the state that exceed
746 the amount of the investment during the period for which the tax
747 credits granted pursuant to public act 00-170 are granted; and (E) that
748 is, in the judgment of the commissioner, consistent with the strategic
749 economic development priorities of the state and the municipality.

750 (3) "Eligible urban reinvestment project" means a project: (A) That
751 would add significant new economic activity in the eligible
752 municipality in which the project is located, and will generate
753 significant additional tax revenues to the state or the municipality; (B)
754 for which the use of the urban and industrial site reinvestment
755 program will be necessary to attract private investment to an eligible
756 municipality; (C) that is economically viable; (D) for which the direct
757 and indirect economic benefits to the state outweigh the costs of the
758 project; and (E) that is, in the judgment of the commissioner, consistent
759 with the strategic economic development priorities of the state and the
760 municipality.

761 (4) "Related person" means: (A) A corporation, limited liability
762 company, partnership, association or trust controlled by the taxpayer;
763 (B) an individual, corporation, limited liability company, partnership,
764 association or trust that is in control of the taxpayer; (C) a corporation,
765 limited liability company, partnership, association or trust controlled
766 by an individual, corporation, limited liability company, partnership,
767 association or trust that is in control of the taxpayer; or (D) a member
768 of the same controlled group as the taxpayer. For the purposes of this
769 [section] subdivision, "control", with respect to a corporation, means
770 ownership, directly or indirectly, of stock possessing fifty per cent or
771 more of the total combined voting power of all classes of the stock of
772 such corporation entitled to vote. "Control", with respect to a trust,
773 means ownership, directly or indirectly, of fifty per cent or more of the

774 beneficial interest in the principal or income of such trust. The
775 ownership of stock in a corporation, of a capital or profits interest in a
776 partnership or association or of a beneficial interest in a trust shall be
777 determined in accordance with the rules for constructive ownership of
778 stock provided in Section 267(c) of the Internal Revenue Code, other
779 than paragraph (3) of said section.

780 (5) "Investment" means all amounts invested in an eligible project by
781 or on behalf of a taxpayer, whether directly, through a fund, or
782 through a community development entity or a contractually bound
783 community development entity including, but not limited to, (A)
784 equity investments made by the taxpayer, and (B) loans.

785 (6) "Income year" means, with respect to entities subject to taxation
786 under chapters 207 to 212a, the income year as determined under each
787 of said chapters, as the case may be.

788 (7) "Taxpayer" means any person, as defined in section 12-1,
789 whether or not subject to any taxes levied by this state.

790 (8) "Fund manager" means a fund manager registered in accordance
791 with subsection (d) of this section.

792 (9) "New job" means a job that did not exist in the business of a
793 subject business in this state prior to the subject business' application
794 to the commissioner for an eligibility certificate under this section for a
795 new facility and that is filled by a new employee, but does not mean a
796 job created when an employee is shifted from an existing location of
797 the subject business in this state to a new facility.

798 (10) "New employee" means a person hired by a subject business to
799 fill a position for a new job or a person shifted from an existing
800 location of the subject business outside this state to a new facility in
801 this state, provided (A) in no case shall the total number of new
802 employees allowed for purposes of this credit exceed the total increase
803 in the taxpayer's employment in this state, which increase shall be the
804 difference between (i) the number of employees employed by the

805 subject business in this state at the time of application for an eligibility
806 certificate to the commissioner plus the number of new employees
807 who would be eligible for inclusion under the credit allowed under
808 this section without regard to this calculation, and (ii) the highest
809 number of employees employed by the subject business in this state in
810 the year preceding the subject business' application for an eligibility
811 certificate to the commissioner, and (B) a person shall be deemed to be
812 a "new employee" only if such person's duties in connection with the
813 operation of the facility are on a regular, full-time, or equivalent
814 thereof, and permanent basis.

815 (11) "New facility" means a facility which (A) is acquired by, leased
816 to, or constructed by, a subject business on or after the date of the
817 subject business' application to the commissioner for an eligibility
818 certificate under this section, unless, upon application of the subject
819 business and upon good and sufficient cause shown, the commissioner
820 waives the requirement that such activity take place after the
821 application, and (B) was not in service or use during the one-year
822 period immediately prior to the date of the subject business'
823 application to the commissioner for an eligibility certificate under this
824 section, unless upon application of the subject business and upon good
825 and sufficient cause shown, the commissioner consents to waiving the
826 one-year period.

827 (12) "Eligible municipality" means (A) a municipality with an area
828 designated as an enterprise zone pursuant to section 32-70, (B) a
829 distressed municipality, as defined in subsection (b) of section 32-9p,
830 (C) a municipality that has a population in excess of one hundred
831 thousand, or (D) any municipality that the commissioner determines is
832 connected with the relocation of an out-of-state operation or the
833 expansion of an existing facility that will result in a capital investment
834 by a company of not less than fifty million dollars.

835 (13) "Eligible project" means an eligible urban reinvestment project
836 or an eligible industrial site investment project, or both.

837 (14) "Approved investment" means an investment approved by the

838 commissioner under subsection (g) of this section.

839 (15) "Recapture amount" means the amount by which the total of tax
840 credits claimed with respect to any approved investment as of the date
841 of calculation exceeds the sum of all state revenue actually generated
842 through such date by the eligible project in which such approved
843 investment was made.

844 (16) "Pro rata share" means the percentage the amount of the
845 approved investment by an individual investor in an eligible project
846 bears to the total amount of the approved investment in such project,
847 or in the case of a taxpayer to whom credits are transferred under this
848 section, the percentage the amount of credits with respect to an
849 approved investment transferred bears to the total credits with respect
850 to such approved investment.

851 (17) "Community development entity" means any corporation,
852 limited partnership or limited liability company qualified to do
853 business in this state and which (A) is organized for the purpose of
854 providing investment capital or financing for eligible projects under
855 this section, (B) maintains accountability to residents of more than one
856 eligible municipality through representation on the governing board of
857 the entity, (C) is organized for the purpose of seeking certification and
858 an allocation of new markets tax credits as provided in Section 45D of
859 the Internal Revenue Code, and (D) is registered in accordance with
860 subsection (d) of this section. No community development entity shall
861 be eligible for any tax credits under this section unless it is certified
862 under said Section 45D on the date any approved investment is made.
863 A community development entity shall not be deemed a "fund" for
864 purposes of this section.

865 (18) "Project" means the acquisition, leasing, demolition,
866 remediation, construction, renovation, expansion or other
867 development or redevelopment of real property and improvements
868 within this state, including furniture, fixtures, equipment and other
869 personal property which is reasonably necessary in connection
870 therewith, and associated interest and other financing costs and

871 charges, relocation and start-up costs, and architectural, engineering,
872 legal and other professional services, plans, specifications, surveys,
873 permits, studies and evaluations necessary or incident to the
874 development, financing, completion and placing in operation of such a
875 project. In the case of a contractually bound community development
876 entity, "project" [shall] does not include any activities, costs or services
877 not included in the terms of the allocation agreement with the
878 community development financial institutions fund under Section 45D
879 of the Internal Revenue Code.

880 (19) "Contractually bound community development entity" means a
881 community development entity that (A) has entered into an allocation
882 agreement with the community development financial institutions
883 fund pursuant to Section 45D of the Internal Revenue Code, and (B)
884 whose service area in such allocation agreement includes the state of
885 Connecticut.

886 (20) "Internal Revenue Code" means the Internal Revenue Code of
887 1986, or any subsequent corresponding internal revenue code of the
888 United States, as amended from time to time.

889 (21) "Bioscience" means business related to any one or more of the
890 following North American Industry Classification codes: 311221,
891 311224, 325193, 325199, 325220, 325311, 325312, 325314, 325320, 325411,
892 325412, 325413, 325414, 333314, 334510, 334516, 334517, 339112 to
893 339116, inclusive, 423450, 423460, 424210, 532291, 541380, 541711,
894 541712, 621511 and 621512.

895 (22) "Clean technology" means business related to any one or more
896 of the following North American Industry Classification codes: 221111
897 to 221118, inclusive, 221330, 237110, 237130, 314994, 333414, 333611,
898 334413, 335999, 562213 and 926130.

899 (23) "Cybersecurity" means business related to any one or more of
900 the following North American Industry Classification codes related to
901 computers: 334112, 334614, 454113, 511210, 541511 to 541513, inclusive,
902 541519, 541712 and 811212.

903 (b) There is established an urban and industrial site reinvestment
904 program under which taxpayers who make investments in eligible
905 urban reinvestment projects or eligible industrial site investment
906 projects may be allowed a credit against the tax imposed under
907 chapters 207 to 212a, inclusive, or section 38a-743, or a combination of
908 said taxes, in an amount equal to the percentage of their approved
909 investment determined in accordance with subsection (i) of this
910 section.

911 (c) No project shall be deemed an eligible project unless such project
912 [shall] will, in the judgment of the commissioner, be of sufficient size,
913 by itself or in conjunction with related new investments, to generate a
914 substantial return to the state economy.

915 (d) (1) The commissioner may register managers of funds and
916 community development entities created for the purpose of investing
917 in eligible urban reinvestment projects and eligible industrial site
918 investment projects. Any manager, community development entity or
919 contractually bound community development entity registered under
920 this subsection shall have its primary place of business in this state.
921 Each applicant shall submit an application under oath to the
922 commissioner to be registered and shall furnish evidence satisfactory
923 to the commissioner of its financial responsibility, integrity,
924 professional competence and experience in managing investment
925 funds. Failure to maintain adequate fiduciary standards with respect
926 to investments made under this section shall constitute cause for the
927 commissioner to revoke, after a hearing, any registration granted
928 under this section or section 38a-88a. The fund manager, community
929 development entity or contractually bound community development
930 entity shall make a report on or before the first day of March in each
931 year, under oath, to the Commissioner of Economic and Community
932 Development and the Commissioner of Revenue Services specifying
933 the name, address and Social Security number or employer
934 identification number of each investor, the year during which each
935 investment was made by each investor, the amount of each
936 investment, a description of the fund's investment objectives and

937 relative performance, or the entity's projects, as the case may be, and a
938 description, including amounts, of all fees received by such manager
939 or entity in relation to each such fund.

940 (2) Any manager of funds registered on or before July 1, 2000,
941 pursuant to section 38a-88a shall be deemed registered as a fund
942 manager for all purposes under the provisions of this section upon
943 submission, in writing, to the commissioner of such manager's
944 intention to act as a manager of funds under this section. The
945 commissioner may request from any such manager such information
946 as the commissioner may require relating to such manager's financial
947 responsibility, integrity, professional competence and experience in
948 managing investment funds.

949 (e) Any taxpayer or fund manager, community development entity
950 or contractually bound community development entity wishing to
951 make an investment under the provisions of this section shall apply to
952 the commissioner in accordance with the provisions of this section. The
953 application shall contain sufficient information to establish that the
954 project in which the proposed investment will be made is an eligible
955 industrial site investment project or an urban reinvestment project, as
956 [appropriate] the case may be, and information concerning the type of
957 investment proposed to be made, the location of the project, the
958 number of jobs to be created or retained, physical infrastructure that
959 might be created or preserved, feasibility studies or business plans for
960 the project, projected state and local revenue that might derive as a
961 result of the project and other information necessary to demonstrate
962 the financial viability of the project and to demonstrate that the
963 investment will provide net benefits to the economy of, and
964 employment for citizens of, the municipality and the state, and in the
965 case of an eligible industrial site investment project, how such project
966 will meet the standards of remediation of the Department of Energy
967 and Environmental Protection. The commissioner shall impose a fee
968 for such application as the commissioner deems appropriate.

969 (f) (1) The commissioner shall determine whether the project in

970 which the proposed investment is to be made is an eligible urban
971 reinvestment project or an eligible industrial site investment project,
972 whether the project is economically viable only with use of the urban
973 and industrial site reinvestment program, the effects of the project on
974 the municipality where the investment will be made, and whether the
975 project would provide a net benefit to economic development and
976 employment opportunities in the state and whether the project will
977 conform to the state plan of conservation and development. The
978 commissioner may require the applicant to submit such additional
979 information as may be necessary to evaluate the application.

980 (2) The commissioner shall prepare a revenue impact assessment
981 that estimates the state and local revenue that would be generated as a
982 result of the project. The commissioner shall prepare an economic
983 feasibility study relative to such project. The commissioner may retain
984 any such persons as the commissioner deems appropriate to conduct
985 such revenue impact assessment or economic feasibility study.

986 (g) (1) The commissioner, upon consideration of the application, the
987 revenue impact assessment and any additional information that the
988 commissioner requires concerning a proposed investment, may
989 approve an investment if the commissioner concludes that the project
990 in which such investment is to be made is an eligible urban
991 reinvestment project or an eligible industrial site investment project. If
992 the commissioner rejects an application, the commissioner shall
993 specifically identify the defects in the application and specifically
994 explain the reasons for the rejection. The commissioner shall render a
995 decision on an application not later than ninety days from its receipt.
996 The amount of the investment so approved shall not exceed the greater
997 of: (A) The amount of state revenue that will be generated according to
998 the revenue impact assessment prepared under this subsection; or (B)
999 the total of state revenue and local revenue generated according to
1000 such assessment in the case of a manufacturing business with North
1001 American [Industrial] Industry Classification codes of 339999, 311211
1002 [through] to 312140, inclusive, 324191, [and] 325193, 325199, 325220,
1003 325311, 325312, 325314, 325320, 325411, 325412, 325413, 325414, 333314,

1004 334510, 334516, 334517, 339112, 339113, 339114, 339115, 339116, 423450,
1005 423460, 424210, 532291, 541380, 541711, 541712, 621511, 621512, 221111
1006 to 221118, inclusive, 221330, 237110, 237130, 314994, 333414, 333611,
1007 334413, 335999, 562213, 926130, 334112, 334614, 454113, 511210, 541511,
1008 541512, 541513, 541519, 541712 and 811212 that is relocating to a site in
1009 Connecticut from out-of-state, provided the relocation will result in
1010 new development of at least seven hundred twenty-five thousand
1011 square feet in a state-sponsored industrial park.

1012 (2) The approval of an investment by the commissioner may be
1013 combined with the exercise of any of the commissioner's other powers,
1014 including, but not limited to, the provision of other forms of financial
1015 assistance.

1016 (3) The commissioner shall require the applicant to reimburse the
1017 commissioner for all or any part of the cost of any revenue impact
1018 assessment, economic feasibility study or other activities performed in
1019 the exercise of due diligence pursuant to subsection (f) of this section.

1020 (4) There is established an account to be known as the "Connecticut
1021 economic impact and analysis account" which shall be a separate,
1022 nonlapsing account within the General Fund. The account shall
1023 contain any moneys required by law to be deposited in the account
1024 and shall be held separate and apart from other moneys, funds and
1025 accounts. There shall be deposited in the account any proceeds
1026 realized by the state from activities pursuant to this section.
1027 Investment earnings credited to the account shall become part of the
1028 assets of the account. Any balance remaining in the account at the end
1029 of any fiscal year shall be carried forward in the account for the next
1030 fiscal year. Amounts in the account may be used by the Department of
1031 Economic and Community Development to fund the cost of any
1032 activities of the department pursuant to this section, including
1033 administrative costs related to such activities.

1034 (h) Upon approving an investment, the commissioner shall issue a
1035 certificate of eligibility certifying that the applicant has complied with
1036 the provisions of this section.

1037 (i) (1) [There] Except as provided in this subdivision, there shall be
1038 allowed as a credit against the tax imposed under chapters 207 to 212a,
1039 inclusive, or section 38a-743, or a combination of said taxes, an amount
1040 equal to the following percentage of approved investments made by or
1041 on behalf of a taxpayer with respect to the following income years of
1042 the taxpayer: (A) With respect to the income year in which the
1043 investment in the eligible project was made and the two next
1044 succeeding income years, zero per cent; (B) with respect to the third
1045 full income year succeeding the year in which the investment in the
1046 eligible project was made and the three next succeeding income years,
1047 ten per cent; (C) with respect to the seventh full income year
1048 succeeding the year in which the investment in the eligible project was
1049 made and the next two succeeding years, twenty per cent. With respect
1050 to approved investments in bioscience, cybersecurity or clean
1051 technology, a credit shall be allowed equal to twenty per cent of
1052 approved investments made by or on behalf of a taxpayer in the
1053 income year in which the investment in the eligible project was made,
1054 and such twenty per cent credit shall be allowed for the next four
1055 succeeding income years. The sum of all tax credits granted pursuant
1056 to the provisions of this section shall not exceed one hundred million
1057 dollars with respect to a single eligible urban reinvestment project or a
1058 single eligible industrial site investment project approved by the
1059 commissioner. The sum of all tax credits granted pursuant to the
1060 provisions of this section shall not exceed eight hundred million
1061 dollars.

1062 (2) Notwithstanding the provisions of subdivision (1) of this
1063 subsection, any applicant may, at the time of application, apply to the
1064 commissioner for a credit that exceeds the limitations established by
1065 this subsection. The commissioner shall evaluate the benefits of such
1066 application and make recommendations to the General Assembly
1067 relating to [changes in] proposed amendments to the general statutes
1068 which would be necessary to effect such application if the
1069 commissioner determines that the proposal would be of economic
1070 benefit to the state.

1071 (j) The credits allowed by this section may be claimed by a taxpayer
1072 who has made an investment (1) directly only if such investment has a
1073 total asset value, either alone or in conjunction with other taxpayer
1074 investments in an eligible project, of not less than five million dollars
1075 or, in the case of an investment in an eligible project for the
1076 preservation of an historic facility and redevelopment of the facility for
1077 mixed uses that includes at least four housing units, a total asset value
1078 of not less than two million dollars; (2) through a fund managed by a
1079 fund manager registered under this section only if such fund: (A) Has
1080 a total asset value of not less than sixty million dollars for the income
1081 year for which the initial credit is taken; and (B) has not less than three
1082 investors who are not related persons with respect to each other or to
1083 any person in which any investment is made other than through the
1084 fund at the date the investment is made; or (3) through a community
1085 development entity or a contractually bound community development
1086 entity.

1087 (k) The commissioner shall, upon request, provide a copy of [the]
1088 any eligibility certificate issued under subsection (h) of this section to
1089 the Commissioner of Revenue Services.

1090 (l) The tax credit allowed by this section, when made through a
1091 fund, shall only be available for investments in funds that are not open
1092 to additional investments or investors beyond the amount subscribed
1093 at the formation of the fund.

1094 (m) (1) The Commissioner of Revenue Services may treat one or
1095 more corporations that are properly included in a combined
1096 corporation business tax return under section 12-223a as one taxpayer
1097 in determining whether the appropriate requirements under this
1098 section are met. [Where] Whenever corporations are treated as one
1099 taxpayer for purposes of this subsection, [then] the credit shall be
1100 allowed only against the amount of the combined tax for all
1101 corporations properly included in a combined return that, under the
1102 provisions of subdivision (2) of this subsection, is attributable to the
1103 corporations treated as one taxpayer.

1104 (2) The amount of the combined tax for all corporations properly
1105 included in a combined corporation business tax return that is
1106 attributable to the corporations that are treated as one taxpayer under
1107 the provisions of this subsection shall be in the same ratio to such
1108 combined tax that the net income apportioned to this state of each
1109 corporation treated as one taxpayer bears to the net income
1110 apportioned to this state, in the aggregate, of all corporations included
1111 in such combined return. Solely for the purposes of computing such
1112 ratio, any net loss apportioned to this state by a corporation treated as
1113 one taxpayer or by a corporation included in such combined return
1114 shall be disregarded.

1115 (n) Any taxpayer allowed a credit under this section may assign
1116 such credit to another taxpayer or taxpayers, provided such other
1117 taxpayer or taxpayers may claim such credit only with respect to a
1118 taxable year for which the assigning taxpayer would have been eligible
1119 to claim such credit and such other taxpayer or taxpayers may not
1120 further assign such credit. The taxpayer or taxpayers allowed such
1121 credit, the fund manager, the community development entity or
1122 contractually bound community development entity shall file with the
1123 Commissioner of Revenue Services information requested by the
1124 commissioner regarding such assignments, including, but not limited
1125 to, the current holders of credits as of the end of the preceding
1126 calendar year.

1127 (o) No taxpayer shall be eligible for a credit under (1) this section,
1128 and (2) section 12-217e or 38a-88a, for the same investment. No two
1129 taxpayers shall be eligible for any tax credit with respect to the same
1130 investment or the same project costs.

1131 (p) Any credit not used in the income year for which it was allowed
1132 may be carried forward for the five immediately succeeding income
1133 years until the full credit has been allowed.

1134 (q) (1) Any tax credits approved under this section that would
1135 constitute in excess of twenty million dollars in total for a single
1136 investment shall be submitted by the Commissioner of Economic and

1137 Community Development to the joint standing committee of the
1138 General Assembly having cognizance of matters relating to finance,
1139 revenue and bonding prior to the issuance of a certificate of eligibility
1140 for such investment. Said committee shall have thirty days from the
1141 date such project is submitted to convene a meeting to recommend
1142 approval or disapproval of such investment. If such submittal is
1143 withdrawn, altered, amended or otherwise changed, and resubmitted,
1144 said committee shall have thirty days from the date of such resubmittal
1145 to convene a meeting to recommend approval or disapproval of such
1146 investment. If said committee does not act on a submittal or
1147 resubmittal, as the case may be, within that time, the investment shall
1148 be deemed to be approved by said committee.

1149 (2) While the General Assembly is in session, the House of
1150 Representatives or the Senate, or both, may meet not later than thirty
1151 days following the date said committee makes a recommendation
1152 pursuant to subdivision (1) of this subsection. If such submission is not
1153 disapproved by the House of Representatives or the Senate, or both,
1154 within such time, the commissioner may issue such certificate.

1155 (3) [While] Whenever the General Assembly is not in regular
1156 session, the House of Representatives or the Senate, or both, may meet
1157 not later than thirty days following the date said committee makes a
1158 recommendation pursuant to subdivision (1) of this subsection or not
1159 later than thirty days following the date such investment is deemed
1160 approved by said committee pursuant to subdivision (1) of this
1161 subsection. If such submission is not disapproved by the House of
1162 Representatives, the Senate, or both, within such [time] thirty-day
1163 period, the commissioner may issue such certificate.

1164 (r) Not later than July first in each year that credits allowed by this
1165 section are claimed by a taxpayer with respect to an approved
1166 investment, the commissioner may retain such persons as said
1167 commissioner [may deem] deems appropriate to conduct a study to
1168 estimate the state revenue that is being and will be generated by the
1169 eligible project in which such investment is made. Such economic

1170 impact study shall determine whether the state revenue actually
1171 generated by such eligible project is equal to the estimate of state
1172 revenue made at the time the investment in such eligible project was
1173 approved. If the sum of all state revenue actually generated by such
1174 eligible project is less than the amount of the total sum of tax credits
1175 claimed with respect to the approved investment in such project on the
1176 date of such analysis, the commissioner may determine from the
1177 person retained pursuant to this subsection the applicable recapture
1178 amount and may revoke the certificate of eligibility issued under
1179 subsection (h) of this section. The commissioner may require the
1180 taxpayer, the fund manager, community development entity or
1181 contractually bound community development entity that made such
1182 approved investment to reimburse the commissioner for all or any part
1183 of the cost of any economic impact study performed under this
1184 subsection.

1185 (s) (1) Any taxpayer which has claimed credits allowed by this
1186 section related to an investment concerning which the commissioner
1187 has revoked the certificate of eligibility issued under subsection (h) of
1188 this section [,] shall be required to recapture such taxpayer's pro rata
1189 share of the recapture amount as determined under the provisions of
1190 subdivision (2) of this subsection and no subsequent credit shall be
1191 allowed unless such certificate of eligibility is reinstated under the
1192 provisions of subdivision (3) of this subsection.

1193 (2) If the taxpayer is required under the provisions of subdivision
1194 (1) of this subsection to recapture its pro rata share of the recapture
1195 amount during (A) the first year such credit was claimed, then ninety
1196 per cent of such share shall be recaptured on the tax return required to
1197 be filed for such year, (B) the second of such years, then sixty-five per
1198 cent of such share shall be recaptured on the tax return required to be
1199 filed for such year, (C) the third of such years, then fifty per cent of
1200 such share shall be recaptured on the tax return required to be filed for
1201 such year, (D) the fourth of such years, then thirty per cent of such
1202 share shall be recaptured on the tax return required to be filed for such
1203 year, (E) the fifth of such years, then twenty per cent of such share

1204 shall be recaptured on the tax return required to be filed for such year,
1205 and (F) the sixth or subsequent of such years, then ten per cent of such
1206 share shall be recaptured on the tax return required to be filed for such
1207 year. The Commissioner of Revenue Services may recapture such share
1208 from the taxpayer who has claimed such credits. If the commissioner is
1209 unable to recapture all or part of such share from such taxpayer, the
1210 commissioner may seek to recapture such share from any taxpayer
1211 who has assigned credits in an amount at least equal to such share to
1212 another taxpayer. If the commissioner is unable to recapture all or part
1213 of such share from any such taxpayer, the commissioner may
1214 recapture such share from any fund through which the investment was
1215 made.

1216 (3) If the commissioner has revoked the certificate of eligibility
1217 issued under subsection (h) of this section, such certificate of eligibility
1218 shall be reinstated by the commissioner if, upon a request made by the
1219 taxpayer, fund manager or community development entity who made
1220 such approved investment, an economic impact study conducted
1221 pursuant to subsection (r) of this section [shall determine] indicates
1222 that the sum of all state revenue actually generated by the project in
1223 which such investment was made is greater than the amount of the
1224 total sum of tax credits claimed on the date of such analysis, provided
1225 no such request shall be made pursuant to this subsection during the
1226 calendar year in which such certificate was revoked. For the purpose of
1227 determining whether such certificate shall be reinstated, the
1228 commissioner shall, upon receipt of a request made under this
1229 subsection, obtain one such economic impact study per calendar year
1230 and may obtain additional such economic impact studies as the
1231 commissioner deems appropriate.

1232 (t) Notwithstanding subsections (r) and (s) of this section, for a
1233 contractually bound community development entity, credit recapture
1234 for credits allowed by this section shall be governed by the terms of its
1235 allocation agreement with the community development financial
1236 institutions fund or, where such agreement is silent, by Section 45D of
1237 the Internal Revenue Code and the regulations promulgated by the

1238 United States Treasury pursuant to said [section] Section 45D.

1239 Sec. 9. Section 32-7g of the general statutes is repealed and the
1240 following is substituted in lieu thereof (*Effective July 1, 2015*):

1241 (a) There is established within the Department of Economic and
1242 Community Development the Small Business Express program. Said
1243 program shall provide small businesses with various forms of financial
1244 assistance, using a streamlined application process to expedite the
1245 delivery of such assistance. The Commissioner of Economic and
1246 Community Development, at [his or her] the commissioner's
1247 discretion, may partner with the lenders in the Connecticut Credit
1248 Consortium, established pursuant to section 32-9yy, in order to fulfill
1249 the requirements of this section. A small business eligible for assistance
1250 through said program shall [, as of June 15, 2012,] (1) employ [, on at
1251 least fifty per cent of its working days during the preceding twelve
1252 months,] not more than one hundred employees, (2) have operations in
1253 Connecticut, [(3) have been registered to conduct business for not less
1254 than twelve months, and (4)] and (3) be in good standing with the
1255 payment of all state and local taxes and with all state agencies.

1256 (b) The Small Business Express program shall consist of various
1257 components, including (1) a revolving loan fund, as described in
1258 subsection (d) of this section, to support small business growth, (2) a
1259 job creation incentive component, as described in subsection (e) of this
1260 section, to support hiring, [and] (3) a matching grant component, as
1261 described in subsection (f) of this section, to provide capital to small
1262 businesses that can match the state grant amount, and (4) a loan fund
1263 established in collaboration with private sector lenders doing business
1264 in Connecticut, as described in subsection (h) of this section, to provide
1265 small businesses with access to capital. The Commissioner of Economic
1266 and Community Development shall work with eligible small business
1267 applicants to provide a package of assistance using the financial
1268 assistance provided by the Small Business Express program and may
1269 refer small business applicants to the Subsidized Training and
1270 Employment program established pursuant to section 31-3pp and any

1271 other appropriate state program. Notwithstanding the provisions of
1272 section 32-5a regarding relocation limits, the department may require,
1273 as a condition of receiving financial assistance pursuant to this section,
1274 that a small business receiving such assistance shall not relocate, as
1275 defined in [said] section 32-5a, for five years after receiving such
1276 assistance or during the term of the loan, whichever is longer. All other
1277 conditions and penalties imposed pursuant to [said] section 32-5a shall
1278 continue to apply to such small business.

1279 (c) The commissioner shall establish a streamlined application
1280 process for the Small Business Express program. The small business
1281 applicant may receive assistance pursuant to said program not later
1282 than thirty days after submitting a completed application to the
1283 department. Any small business meeting the eligibility criteria in
1284 subsection (a) of this section may apply to said program. The
1285 commissioner shall give priority for available funding to small
1286 businesses creating jobs and may give priority for available funding to
1287 (1) economic base industries, as defined in subsection (d) of section 32-
1288 222, including, but not limited to, those in the fields of precision
1289 manufacturing, business services, green and sustainable technology,
1290 bioscience and information technology, and (2) businesses attempting
1291 to export their products or services to foreign markets.

1292 (d) (1) There is established as part of the Small Business Express
1293 program a revolving loan fund to provide loans to eligible small
1294 businesses. Such loans shall be used for acquisition or purchase of
1295 machinery and equipment, construction or leasehold improvements,
1296 relocation expenses, working capital or other business-related
1297 expenses, as authorized by the commissioner.

1298 (2) Loans from the revolving loan fund may be in amounts from
1299 [ten] one thousand dollars to a maximum of one hundred thousand
1300 dollars, shall carry a maximum repayment rate of four per cent and
1301 shall be for a term of not more than ten years. The department shall
1302 review and approve loan terms, conditions and collateral requirements
1303 in a manner that prioritizes job growth and retention.

1304 (3) Any eligible small business meeting the eligibility criteria in
1305 subsection (a) of this section may apply for assistance from the
1306 revolving loan fund, [but] except that the commissioner shall give
1307 priority to applicants that, as part of their business plan, are creating
1308 new jobs that will be maintained for not less than twelve consecutive
1309 months.

1310 (e) (1) There is established as part of the Small Business Express
1311 program a job creation incentive component to provide loans for job
1312 creation to small businesses meeting the eligibility criteria in
1313 subsection (a) of this section, with the option of loan forgiveness based
1314 on the maintenance of an increased number of jobs for not less than
1315 twelve consecutive months. Such loans may be used for training,
1316 marketing, working capital or other expenses, as approved by the
1317 commissioner, that support job creation.

1318 (2) Loans under the job creation incentive component may be in
1319 amounts from [ten] one thousand dollars to a maximum of three
1320 hundred thousand dollars, shall carry a maximum repayment rate of
1321 four per cent and shall be for a term of not more than ten years.
1322 Payments on such loans may be deferred, and all or part of such loan
1323 may be forgiven, based upon the commissioner's assessment of the
1324 small business's attainment of job creation goals. The department shall
1325 review and approve loan terms, conditions and collateral requirements
1326 in a manner that prioritizes job creation.

1327 (f) (1) There is established as part of the Small Business Express
1328 program a matching grant component to provide grants for capital to
1329 small businesses meeting the eligibility criteria in subsection (a) of this
1330 section. Such small businesses shall match any state funds awarded
1331 under this program. Grant funds may be used for ongoing or new
1332 training, working capital, acquisition or purchase of machinery and
1333 equipment, construction or leasehold improvements, relocation within
1334 the state or other business-related expenses authorized by the
1335 commissioner.

1336 (2) Matching grants provided under the matching grant component

1337 may be in amounts from [ten] one thousand dollars to a maximum of
1338 one hundred thousand dollars. The commissioner shall prioritize
1339 applicants for matching grants based upon the likelihood that such
1340 grants will assist applicants in maintaining job growth.

1341 (3) The commissioner may waive the matching requirement for
1342 grants under this subsection for working capital to small businesses
1343 located within distressed municipalities, as defined in section 32-9p.

1344 (g) (1) The commissioner shall allocate not less than seven per cent
1345 of available funding under the Small Business Express program to
1346 regional economic development agencies that will review applications
1347 for financial assistance pursuant to this section and award financial
1348 assistance packages pursuant to subsections (d), (e) and (f) of this
1349 section. The commissioner shall provide such regional economic
1350 development agencies with guidelines for the review of such
1351 applications and the award of financial assistance packages, which
1352 shall include a maximum ratio for administrative costs charged by
1353 such regional agencies to recipients of awards under this subsection.

1354 (2) Not later than April first, annually, each regional economic
1355 development agency that awards a financial assistance package
1356 pursuant to this subsection shall report to the commissioner available
1357 data as described in subsection (i) of this section. The commissioner
1358 shall incorporate such data into the report described in said subsection.

1359 (h) The commissioner, in collaboration with private sector lenders
1360 doing business in Connecticut, shall establish as part of the Small
1361 Business Express program a loan fund to provide small businesses in
1362 the state with access to capital. Such capital shall be used for
1363 acquisition or purchase of machinery and equipment, construction or
1364 leasehold improvements, relocation expenses, working capital or other
1365 business-related expenses, as authorized by the commissioner. Such
1366 loan fund shall be administered by the Department of Economic and
1367 Community Development. The commissioner may allocate not more
1368 than ten per cent of available funding under the Small Business
1369 Express program to such loan fund.

1370 [(g)] (i) Not later than June 30, 2012, and every six months
1371 thereafter, the commissioner shall provide a report, in accordance with
1372 the provisions of section 11-4a, to the joint standing committees of the
1373 General Assembly having cognizance of matters relating to finance,
1374 revenue and bonding, appropriations, commerce and labor. Such
1375 report shall include available data on (1) the number of small
1376 businesses that applied to the Small Business Express program, (2) the
1377 number of small businesses that received assistance under said
1378 program and the general categories of such businesses, (3) the amounts
1379 and types of assistance provided, (4) the total number of jobs on the
1380 date of application and the number proposed to be created or retained,
1381 and (5) the most recent employment figures of the small businesses
1382 receiving assistance. The contents of such report shall also be included
1383 in the department's annual report.

1384 Sec. 10. Section 32-9n of the general statutes is repealed and the
1385 following is substituted in lieu thereof (*Effective October 1, 2015*):

1386 (a) There is established within the Department of Economic and
1387 Community Development an Office of Small Business Affairs. [Such]
1388 The office shall aid and encourage small business enterprises,
1389 particularly those owned and operated by minorities and other socially
1390 or economically disadvantaged individuals in Connecticut. As used in
1391 this section, "minority" means: (1) Black Americans, including all
1392 persons having origins in any of the Black African racial groups not of
1393 Hispanic origin; (2) Hispanic Americans, including all persons of
1394 Mexican, Puerto Rican, Cuban, Central or South American, or other
1395 Spanish culture or origin, regardless of race; (3) all persons having
1396 origins in the Iberian Peninsula, including Portugal, regardless of race;
1397 (4) women; (5) Asian Pacific Americans and Pacific islanders; or (6)
1398 American Indians and persons having origins in any of the original
1399 peoples of North America and maintaining identifiable tribal
1400 affiliations through membership and participation or community
1401 identification.

1402 (b) [Said] The Office of Small Business Affairs shall: (1) Administer

1403 at least one regional office of the small business development center
1404 program within the Department of Economic and Community
1405 Development; (2) coordinate, with the director of the small business
1406 development center program, the flow of information within the
1407 technical and management assistance program within the Department
1408 of Economic and Community Development; (3) encourage Connecticut
1409 Innovations, Incorporated to grant loans to small businesses,
1410 particularly those owned and operated by minorities and other socially
1411 or economically disadvantaged individuals; (4) coordinate and serve
1412 as a liaison between all federal, state, regional and municipal agencies
1413 and programs affecting small business affairs; (5) administer any
1414 business management training program established under section 32-
1415 352 or section 32-355 as the Commissioner of Economic and
1416 Community Development may determine; (6) provide a single point of
1417 contact for small businesses seeking financial and technical assistance
1418 from the state and quasi-public agencies; (7) coordinate all state
1419 funded revolving loan funds used to assist small businesses; (8)
1420 provide procedural information to small businesses seeking to bid on
1421 contracts offered by state agencies and municipalities; and ~~[(8)]~~ (9)
1422 establish, in cooperation with the Commissioner of Economic and
1423 Community Development, and within available appropriations, an
1424 informational web page with a list and links to all small business
1425 resources available and post them in a conspicuous place on the
1426 department's web site. The office shall update this information on its
1427 web site on at least a quarterly basis.

1428 (c) On or after February 1, 2011, and annually thereafter, the Office
1429 of Small Business Affairs shall compile (1) a description of its efforts
1430 pursuant to subsection (b) of this section, including, but not limited to,
1431 data on the type and number of businesses seeking assistance from the
1432 office, and (2) a summary of [all small business activities and]
1433 programs available to small businesses, and incorporate such
1434 summary into the report required pursuant to section 32-1m.

1435 Sec. 11. (NEW) (*Effective October 1, 2015*) Prior to the adoption of any
1436 proposed regulation, as defined in section 4-166 of the general statutes,

1437 pertaining to activities for which the federal government has adopted
1438 standards or procedures, and whenever such proposed regulation
1439 deviates from such standards or procedures, an agency, as defined in
1440 section 4-166 of the general statutes, shall prepare a federal deviation
1441 analysis that shall: (1) Identify each provision of such proposed
1442 regulation that deviates from such standards or procedures, and (2)
1443 explain, in plain language, the reason for each such deviation. Such
1444 federal deviation analysis shall be: (A) Included in the regulation-
1445 making record required under section 4-168b of the general statutes, as
1446 amended by this act, (B) publicly available at the time the notice
1447 concerning the regulation is required under section 4-168 of the
1448 general statutes, as amended by this act, and (C) included in the
1449 submission of the regulation to the standing legislative regulation
1450 review committee pursuant to subsection (b) of section 4-170 of the
1451 general statutes, as amended by this act.

1452 Sec. 12. Subsection (a) of section 4-168 of the general statutes is
1453 repealed and the following is substituted in lieu thereof (*Effective*
1454 *October 1, 2015*):

1455 (a) Except as provided in subsections (g) and (h) of this section, an
1456 agency, not less than thirty days prior to adopting a proposed
1457 regulation, shall (1) post a notice of its intended action on the
1458 eRegulations System, which notice shall include (A) a specified public
1459 comment period of not less than thirty days, (B) a description
1460 sufficiently detailed so as to apprise persons likely to be affected of the
1461 issues and subjects involved in the proposed regulation, (C) a
1462 statement of the purposes for which the regulation is proposed, (D) a
1463 reference to the statutory authority for the proposed regulation, (E)
1464 when, where and how interested persons may obtain a copy of the
1465 small business impact and regulatory flexibility analysis required
1466 pursuant to section 4-168a, if applicable, and a copy of the federal
1467 deviation analysis required pursuant to section 11 of this act, if
1468 applicable, and (F) when, where and how interested persons may
1469 present their views on the proposed regulation; (2) post a copy of the
1470 proposed regulation on the eRegulations System; (3) give notice

1471 electronically to each joint standing committee of the General
1472 Assembly having cognizance of the subject matter of the proposed
1473 regulation; (4) give notice electronically or provide a paper copy
1474 notice, if requested, to all persons who have made requests to the
1475 agency for advance notice of its regulation-making proceedings; (5)
1476 provide a paper copy or electronic version of the proposed regulation
1477 to persons requesting it; and (6) prepare a fiscal note, including an
1478 estimate of the cost or of the revenue impact (A) on the state or any
1479 municipality of the state, and (B) on small businesses in the state,
1480 including an estimate of the number of small businesses subject to the
1481 proposed regulation and the projected costs, including but not limited
1482 to, reporting, recordkeeping and administrative, associated with
1483 compliance with the proposed regulation and, if applicable, the
1484 regulatory flexibility analysis prepared under section 4-168a. The
1485 governing body of any municipality, if requested, shall provide the
1486 agency, within twenty working days, with any information that may
1487 be necessary for analysis in preparation of such fiscal note.

1488 Sec. 13. Subsection (b) of section 4-168b of the general statutes is
1489 repealed and the following is substituted in lieu thereof (*Effective*
1490 *October 1, 2015*):

1491 (b) The regulation-making record shall contain at least: (1) The
1492 agency's notice of intent to adopt regulations; (2) any written analysis
1493 prepared for the proceeding upon which the regulation is based,
1494 including the regulatory flexibility analysis required pursuant to
1495 section 4-168a, if applicable, and the federal deviation analysis
1496 required pursuant to section 11 of this act, if applicable; (3) all
1497 comments submitted on the proposed regulation; (4) the official
1498 transcript, if any, of proceedings upon which the regulation is based
1499 or, if not transcribed, any audio recording or stenographic record of
1500 such proceedings, and any memoranda prepared by any member or
1501 employee of the agency summarizing the contents of the proceedings;
1502 (5) all official documents relating to the regulation, including the
1503 regulation submitted to the office of the Secretary of the State in
1504 accordance with section 4-172, a statement of the principal

1505 considerations in opposition to the agency's action, and the agency's
1506 reasons for rejecting such considerations, as required pursuant to
1507 section 4-168, as amended by this act, and the fiscal note prepared
1508 pursuant to subsection (a) of section 4-168, as amended by this act, and
1509 section 4-170, as amended by this act; (6) any petition for the regulation
1510 filed pursuant to section 4-174; and (7) all comments or
1511 communications between the agency and the legislative regulation
1512 review committee. No audio recording of a hearing held pursuant to
1513 section 4-168, as amended by this act, shall be posted on the
1514 eRegulations System unless the Secretary of the State confirms that
1515 such posting will not constitute a violation of any state or federal law
1516 regarding accessibility for persons with disabilities. Any audio
1517 recording of a hearing held pursuant to section 4-168, as amended by
1518 this act, that is not posted on the eRegulations System shall be
1519 maintained by the agency and made available to the public upon
1520 request. If an agency determines that any part of the regulation-
1521 making record is impractical to display or is inappropriate for public
1522 display on the eRegulations System, the agency shall describe the part
1523 omitted in a statement posted on the eRegulations System and shall
1524 maintain a copy of the omitted material readily available for public
1525 inspection at the principal office of the agency.

1526 Sec. 14. Subsection (b) of section 4-170 of the general statutes is
1527 repealed and the following is substituted in lieu thereof (*Effective*
1528 *October 1, 2015*):

1529 (b) (1) No adoption, amendment or repeal of any regulation, except
1530 a regulation issued pursuant to subsection (g) of section 4-168, shall be
1531 effective until (A) an electronic copy of (i) the proposed regulation
1532 approved by the Attorney General, as provided in section 4-169, [and
1533 an electronic copy of] (ii) the regulatory flexibility analysis, as
1534 provided in section 4-168a, if applicable, and (iii) the federal deviation
1535 analysis, as provided in section 11 of this act, if applicable, are
1536 submitted to the standing legislative regulation review committee in a
1537 manner designated by the committee, by the agency proposing the
1538 regulation, (B) the regulation is approved by the committee, at a

1539 regular meeting or a special meeting called for the purpose, and (C) a
1540 certified electronic copy of the regulation is submitted to the office of
1541 the Secretary of the State by the agency, as provided in section 4-172,
1542 and the regulation is posted on the eRegulations System by the
1543 Secretary. (2) The date of submission for purposes of subsection (c) of
1544 this section shall be the first Tuesday of each month. Any regulation
1545 received by the committee on or before the first Tuesday of a month
1546 shall be deemed to have been submitted on the first Tuesday of that
1547 month. Any regulation submitted after the first Tuesday of a month
1548 shall be deemed to be submitted on the first Tuesday of the next
1549 succeeding month. (3) The form of proposed regulations which are
1550 submitted to the committee shall be as follows: New language added
1551 to an existing regulation shall be underlined; language to be deleted
1552 shall be enclosed in brackets and a new regulation or new section of a
1553 regulation shall be preceded by the word "(NEW)" in capital letters.
1554 Each proposed regulation shall have a statement of its purpose
1555 following the final section of the regulation. (4) The committee may
1556 permit any proposed regulation, including, but not limited to, a
1557 proposed regulation which by reference incorporates in whole or in
1558 part, any other code, rule, regulation, standard or specification, to be
1559 submitted in summary form together with a statement of purpose for
1560 the proposed regulation. On and after October 1, 1994, if the committee
1561 finds that a federal statute requires, as a condition of the state
1562 exercising regulatory authority, that a Connecticut regulation at all
1563 times must be identical to a federal statute or regulation, then the
1564 committee may approve a Connecticut regulation that by reference
1565 specifically incorporates future amendments to such federal statute or
1566 regulation provided the agency that proposed the Connecticut
1567 regulation shall submit for approval amendments to such Connecticut
1568 regulations to the committee not later than thirty days after the
1569 effective date of such amendment, and provided further the committee
1570 may hold a public hearing on such Connecticut amendments. (5) The
1571 agency shall also provide the committee with a copy of the fiscal note
1572 prepared pursuant to subsection (a) of section 4-168, as amended by
1573 this act. At the time of submission to the committee, the agency shall

1574 submit an electronic copy of the proposed regulation and the fiscal
 1575 note to (A) the Office of Fiscal Analysis which, not later than seven
 1576 days after receipt, shall submit an analysis of the fiscal note to the
 1577 committee; and (B) each joint standing committee of the General
 1578 Assembly having cognizance of the subject matter of the proposed
 1579 regulation. No regulation shall be found invalid due to the failure of an
 1580 agency to submit an electronic copy of the proposed regulation and the
 1581 fiscal note to each committee of cognizance, provided such regulation
 1582 and fiscal note have been electronically submitted to one such
 1583 committee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015, and applicable to income years commencing on or after January 1, 2017</i>	New section
Sec. 2	<i>July 1, 2015</i>	New section
Sec. 3	<i>July 1, 2015</i>	16-244r
Sec. 4	<i>July 1, 2015</i>	16-244s
Sec. 5	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-704d
Sec. 6	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-217v
Sec. 7	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-217w
Sec. 8	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	32-9t
Sec. 9	<i>July 1, 2015</i>	32-7g
Sec. 10	<i>October 1, 2015</i>	32-9n
Sec. 11	<i>October 1, 2015</i>	New section
Sec. 12	<i>October 1, 2015</i>	4-168(a)

Sec. 13	<i>October 1, 2015</i>	4-168b(b)
Sec. 14	<i>October 1, 2015</i>	4-170(b)

FIN *Joint Favorable Subst.*

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: See Below

Municipal Impact: See Below

Explanation

The bill results in the following impacts listed by section below.

Section 1 establishes a Brownfield Remediation Tax Credit program. To the extent this program is utilized, this results in a revenue loss of up to \$20 million annually from FY 18 through FY 22.

Section 2 authorizes a total of \$100.0 million in General Obligation (GO) bonds for a remedial action and redevelopment municipal grant program. The debt service cost to the General Fund to issue this amount at a 5.0% interest rate for a 20-year term is \$152.5 million, which is comprised of \$52.5 million in interest and \$100.0 million in principal. Assuming that the entire \$100.0 million is allocated through the State Bond Commission during FY 16 and the Office of the State Treasurer issues the bonds before the end of FY 16, the debt service cost in FY 17 will be \$10.0 million.

Sections 3 - 4 expand new Class I electric generation projects procured by electric distribution companies, to include those located on remediated brownfield and solid waste disposal areas. It also includes an additional 10% incentive to eligible brownfield and solid waste disposal areas' associated renewable energy credits. The electric companies are entitled to recover reasonable costs of complying with its approved Class I procurement plan, through a reconciling component of electric rates, as determined by the Public Utilities Regulatory Authority. To the extent that electric distribution

companies costs rise, there will be an increased cost to the state and municipalities as ratepayers.

Section 5 expands the Angel Investor Tax Credit, and extends the availability of credits through FY 17. This results in a revenue loss of \$3 million in FY 17.

Section 6 extends the 100% corporation business tax credit for starting a business in the 17 enterprise zones to certain taxpayers. To the extent such a business is established, this precludes a future revenue gain.

Section 7 increases, from 5% to 10%, the tax credit for fixed capital investments for those related to bioscience, clean technology, and cybersecurity. To the extent qualifying investments are made, this results in a significant revenue loss annually beginning in FY 18.

Section 8 accelerates the rate at which taxpayers may claim tax credits for investments in bioscience, clean technology, and cybersecurity facilities under the Urban and Industrial Sites Reinvestment tax credit program. To the extent such a qualifying project is undertaken, this results in a significant revenue loss beginning in FY 18.

Section 9 makes various changes to the Small Business Express (Express) program, including:

1. expanding eligibility;
2. reducing minimum loan amounts;
3. decentralizing decision making to regional entities and providing at least 7% of available funding under Express to those regional entities; and
4. adding new lending components that include up to 10% of available Express funding for a loan fund specifically for acquiring or purchasing machines and equipment, constructing

facilities or making leasehold improvements, covering relocation costs, providing working capital, or covering other business-related expenses the commissioner approves.

The bill does not change General Obligation (GO) bond authorizations relevant to the program.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

The Small Business Express program is funded through GO bond funds. The program has received \$260 million in bond authorizations since its inception in 2011. As of May 18th, the unallocated bond balance available to the program is \$60 million.

Section 10 requires the Department of Economic and Community Development (DECD) to provide a summary of identification efforts and any assistance granted to businesses in underserved municipalities. There is no impact to DECD as the agency currently provides reports on various business programs, such as Express, on an annual or biannual basis, dependent upon the program.

Sections 11 - 14 require state agencies that receive federal funding to adopt regulations that include a federal deviation analysis, which would identify how the proposed regulation is different than the federal standard or procedure. The analysis, which must be submitted to the Regulations Review Committee along with a copy of the regulation, has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The General Fund debt service impact identified above would continue over the 20 year term of issuance for the GO bonds.

OLR Bill Analysis**sHB 7055*****AN ACT CONCERNING CONNECTICUT FIRST*****SUMMARY:**

This bill authorizes a range of incentives aimed at stimulating business investment. It (1) creates a new business tax credit for remediating brownfields, (2) authorizes up to \$100 million in bonds for existing brownfield remediation programs, and (3) specifies a formula for calculating the price of renewable energy credits (RECs) purchased from zero emission energy systems located on remediated brownfields and solid waste disposal areas.

The bill extends and increases several existing tax credits for cybersecurity, bioscience, and clean energy technology businesses (targeted businesses). It:

1. (a) extends the angel investor personal income tax credit to investments in cybersecurity business startups, (b) increases the credit for this and the other targeted businesses from 25% to 33% of the investment, and (c) extends the sunset date for approving credits for all eligible investments from July 1, 2016 to July 1, 2017;
2. extends the 10-year corporation business tax credit for establishing businesses in enterprise zones to establishing targeted businesses in the 25 distressed municipalities (see BACKGROUND);
3. increases from 5% to 10% the corporation business tax credit for the targeted businesses making fixed capital investments; and
4. allows taxpayers to claim the 100% urban and industrial sites

reinvestment tax credit over five years, instead of 10, for investments in facilities housing the targeted businesses.

The bill makes programmatic and administrative changes in the Department of Economic and Community Development's (DECD) Small Business Express Program, (1) expanding the range of eligible businesses, (2) permitting loans in small amounts, (3) allowing regional economic development corporations to process and approve some loans, and (4) authorizing the DECD commissioner to collaborate with private lenders on creating a new lending component.

The bill requires (1) DECD's Office of Small Business Affairs to provide information that helps small businesses bid on state and local contracts and (2) all agencies to explain why a proposed regulation deviates from related federal procedures and standards and specifies when and how they must do so.

EFFECTIVE DATE: October 1, 2015, unless otherwise noted.

§ 1 — BROWNFIELD REMEDIATION TAX CREDIT

Credit Amount and Applicable Taxes

The bill authorizes up to \$20 million per year in tax credits in FYs 18-22 for brownfield clean-up projects. Developers qualify for credits based on the money they spend on investigating, assessing, and remediating these properties. The credit equals 50% of the eligible expenditures or \$2 million, whichever is less. Taxpayers may apply the credits against the insurance premium, corporation business, air carriers, railroad companies, cable TV, and utility company taxes.

Eligible Projects and Expenses

The credits are available for cleaning up abandoned or underutilized sites where actual or potential pollution has prevented owners or developers from redeveloping, reusing, or expanding the property (brownfield). The pollution could be in the soil or groundwater, requiring the property to be investigated or remediated before it can be redeveloped, reused, or expanded or investigated or remediated in conjunction with these activities.

Developers seeking credits must clean up the property according to a DECD-approved brownfield remediation plan. At a minimum, the plan must describe how the release or threatened release of soil or groundwater pollution will be investigated and remediated.

The credits are for money spent on specific investigation, assessment, and remediation activities, including:

1. soil, groundwater, or infrastructure investigation and assessment;
2. soil, sediments, groundwater, or surface water remediation;
3. pollution abatement;
4. hazardous waste or material removal and disposal;
5. long-term groundwater or natural attenuation monitoring;
6. planning, engineering, and environmental consulting;
7. instituting environmental land use restrictions, activity and use limitations, and other types of institutional controls;
8. reasonable attorneys' fees; and
9. remedial activity addressing building and structural issues, including (a) demolition; (b) asbestos abatement; and (c) polychlorinated biphenyls, contaminated wood, or paint removal.

Credit-eligible expenditures do not include expenditures directly funded under DECD's other brownfield programs.

Applying for Credits

Brownfield owners must apply to DECD for credits before they begin to investigate, assess, and remediate a brownfield. They must do so on a DECD form, providing the information the commissioner deems necessary, including:

1. the brownfield remediation plan;
2. a description of how the brownfield will be remediated and, if relevant, how the remediated site will be redeveloped;
3. an explanation of the project's expected benefits;
4. information about the owner's financial and technical capacity to undertake the project;
5. an estimate of the credit-eligible expenditures; and
6. if the developer plans to remediate the brownfield in phases, a complete description of each phase along with completion schedules and the estimated total credit-eligible expenditures for each phase.

The commissioner must request applications twice a year, in April and October, but she may do so more frequently depending on the number of applications she receives and the available funds. She may charge a maximum \$5,000 application fee to cover administrative costs. She may waive the fee for applications previously submitted and rejected.

She may approve, reject, or modify an application based on the following criteria:

1. available funds;
2. estimated credit-eligible costs;
3. the relative economic condition of the municipality where the brownfield is located;
4. the project's relative need for financial assistance;
5. the degree to which the credit is needed to encourage the applicant to undertake the project;
6. the project's environmental and public health benefits;

7. the project's relative benefits to the municipality, region, and state, including how the project will expand the municipality's tax base, retain or create jobs, and reduce blight;
8. when the property was contaminated and for how long it was abandoned;
9. the applicant's relationship to the party that caused the contamination; and
10. any other criteria the commissioner establishes that is consistent with the credits' purpose.

Approving Credits

If the commissioner approves an application, the taxpayer must wait until the brownfield has been remediated to claim the credit. Consequently, in approving the application, the commissioner must determine the amount of credit the taxpayer may claim and reserve that amount for the taxpayer. As discussed below, the commissioner may approve an application for a project that will remediate a brownfield in phases and approve a partial credit as each phase is completed.

The commissioner must annually give the Department of Revenue Services (DRS) commissioner a list of projects she approved for credits during the most recent fiscal year, including those subsequently sold, assigned, or transferred.

Claiming Reserved Credits

As explained above, a brownfield owner must remediate the property according to state standards before the owner can receive its previously approved credit reservation. The owner must notify the commissioner that the property has been remediated according to the remediation plan, as verified by a licensed environmental professional (LEP) or the Department of Energy and Environmental Protection (DEEP) commissioner.

By law, an LEP verifies a property has been remediated according to the remediation plan by filing a verification or interim verification with DEEP. Verification indicates that the property has been investigated and remediated according to DEEP standards; interim verification indicates that the soil has been remediated according to DEEP standards and that the groundwater is being remediated under a long-term remedy. If DEEP investigated and remediated the property, its commissioner must verify in writing the property's remediation, including whether groundwater is being remediated under a long-term remedy.

In addition to this documentation, the owner must certify to the DECD commissioner that the approved credit-eligible expenditures were incurred to implement the remediation plan. The commissioner must review the remediation and verify that it conforms to the remediation plan. If it does, she must issue a tax credit voucher to the owner equal to the amount of credit-eligible expenditures up to the bill's limits (50% of such expenditures or \$2 million, whichever is less). The owner or the taxpayer receiving the voucher must attach it to its tax return.

If the commissioner approves a multi-phased remediation project, she must issue a voucher for each identifiable phase as it is completed. In doing so, she must prorate the credit based on the eligible expenditures incurred to complete each phase.

Using Credits

The owner may claim the credit or sell, assign, or transfer it to a taxpayer. In either case, the taxpayer may use the credit to reduce the taxes it owes.

Five-year Carry Forward. If the credit amount is more than the taxes owed, the taxpayer may apply the difference to future taxes for up to the next five succeeding years or until the full credit is used, whichever happens first.

Apportioning Credit among Partners. If the commissioner granted

a credit for remediating a property with multiple owners, the owners or the designated partners or members must apportion the credit on a pro rata basis or according to an agreement among them specifying an alternative distribution method that is not based on their tax or economic attributes.

Selling, Assigning, or Transferring Credits. The bill allows a credit to be sold, assigned, or transferred (credit transactions) up to three times. Consequently, the first and second transferees may do these things but not the third. Transferees may apply the credit against the same taxes as the owner.

Each time a credit transaction occurs, the transferor and transferee must jointly notify the DECD commissioner within 30 days of the transaction. In doing so, they must provide their tax identification numbers, the credit voucher number, the transaction date, the amount of credit transferred, the credit balance before and after the transaction, and any other information the DRS commissioner requires. The transferee cannot claim the credit until the DECD commissioner is notified.

Annual Report

Beginning by October 1, 2018, DECD must report annually on the tax credits to the Commerce and Finance, Revenue and Bonding committees. Each report must indicate the total amount of credits the commissioner reserved during the prior fiscal year and, for each project, the total cost and total value of the credit voucher.

Regulations

The bill allows the DECD commissioner to adopt regulations for awarding the credits.

EFFECTIVE DATE: July 1, 2015 and applicable to income years beginning on or after January 1, 2017.

§ 2 — BONDS FOR BROWNFIELD PROGRAMS

The bill authorizes up to \$100 million in bonds for two existing

DECD brownfield grant and loans programs. The grant program provides grants to municipalities and regional economic development agencies for assessing and remediating brownfields. The loan program provides loans to private developers for investigating, assessing, and remediating brownfields.

EFFECTIVE DATE: July 1, 2015

§§ 3 & 4 — RECs FOR ZERO EMISSION GENERATION SYSTEMS LOCATED ON REMEDIATED PROPERTY

The law requires electric distribution companies (EDCs) to purchase a certain amount of RECs from qualifying zero emission systems that serve an EDC's distribution system and are located on the customer side of the electric meter. EDCs must do this under six-year solicitation plans approved by the Public Utilities Regulatory Authority (PURA). The bill specifies the formula EDCs must use to calculate the price of RECs they purchase from systems located on former brownfields and solid waste disposal areas that were remediated according to state standards.

Current law requires EDCs to use a competitive procurement process to determine the price of RECs purchased from systems that generate over 100 kilowatts (kW). The bill instead specifies a formula to determine the price of RECs purchased from systems that are located on remediated brownfields or solid waste disposal areas and generate less than 750 kW. Applying that formula, the prices of these RECs is 10% more than the weighted average of accepted bid prices in the EDCs most recent solicitation for systems between 750 kW and 1,000 kW.

Current law requires EDCs to conduct separate procurement processes for systems sized (1) up to 100 kW, (2) between 100 kW and 250 kW, and (3) between 250 kW and 1,000 kW. The prices for RECs purchased from systems generating less than 100 kW is set at 10% more than the weighted average accepted bid price in an EDC's most recent solicitation for systems between 100 kW and 250 kW.

By law, PURA may approve an EDC's purchase of RECs only if it finds that (1) they were procured in a fair, open, and competitive process; (2) its approval will result in the greatest expected ratepayer value from RECs at the lowest reasonable cost; and (3) the purchase satisfies other criteria in the EDC's approved solicitation plan.

EFFECTIVE DATE: July 1, 2015

TAX CREDITS FOR TARGETED BUSINESS SECTORS

The bill enhances the tax credits under four programs for cybersecurity, bioscience, and clean energy technology businesses (targeted sectors). Cyber security businesses are those using information technology products and goods to detect or prevent unauthorized actions aimed at accessing or compromising an information technology system and information stored or transiting the system.

EFFECTIVE DATE: July 1, 2015 and applicable to taxable years beginning on or after January 1, 2017.

§ 5 — Personal Income Tax Credits for Angel Investments

The bill increases the personal income tax credit, from 25% to 33%, for taxpayers investing in bioscience and clean energy technology business startups, up to current law's maximum \$250,000 per investment. The credits are available through Connecticut Innovations, Inc. (CI), which maintains a list that helps investors identify businesses seeking credit-eligible investments.

The bill also extends the angel investment credits to investments in startup cybersecurity businesses, making them eligible for the 33% credit. By law, the 25% credit is also available to investors for investments in businesses focused on advanced material, photonics, information technology, and any other emerging technology the DECD commissioner identifies.

Cybersecurity businesses must meet the same eligibility requirements that currently apply to these businesses. The business

must:

1. have its principal place of business in Connecticut;
2. have grossed under \$1 million in its most recently completed income year;
3. employ fewer than 25 people, 75% of whom are Connecticut residents;
4. have operated in Connecticut for less than seven consecutive years; and
5. have received less than \$2 million in eligible angel investments.

In addition, the business's managers and their families must be the primary owners, and CI must have approved the business as eligible for angel investments.

The bill extends the sunset date for issuing credits from July 1, 2016 to July 1, 2017 and requires CI to submit its annual review of the credits' effectiveness to the Finance, Revenue and Bonding Committee, as well as the Office of Policy and Management, and the Commerce Committee, as the law currently requires. The review is due July 1.

§ 6 — Corporation Business Tax Credits for Establishing Businesses in Distressed Municipalities

The bill authorizes 10-year corporation business tax credits for targeted businesses that establish themselves in the state's 25 distressed municipalities on or after July 1, 2015 (see BACKGROUND). The credit is 100% of a business's tax liability for each of the first three years and 50% of the liability for each of the next seven years.

Existing law authorizes similar credits for corporations in any business sector that establish themselves in the state's 17 enterprise zones and meet specified job creation goals.

§ 7 — Corporation Business Tax Credits for Fixed Capital Investments

The bill increases, from 5% to 10%, the corporation business tax credits for targeted industries for the amounts they spend on new machinery and equipment and other eligible tangible personal property.

§ 8 — Urban and Industrial Reinvestment Sites Remediation Tax Credits

The bill allows taxpayers to claim the 100% urban and industrial sites reinvestment tax credits at a faster rate for investing in facilities housing a targeted sector business. It allows them to claim the credit in five years, instead of 10, at a rate of 20% per year, up to the law's \$100 million per project cap. As under current law, a taxpayer may claim each year's portion of the credit if the project income, sales, and other tax revenue the project generated to date exceed the value of the credits the taxpayer claimed. If the generated revenue falls short of this mark, the taxpayer must repay the credits.

Current law requires taxpayers to claim the credit for these and other eligible projects over 10 years, beginning in the fourth year. They must claim 10% per year in years four through seven and 20% per year in years eight through 10. By law, the credits are available for investing in projects located on remediated property or in targeted designated municipalities, including the 25 distressed municipalities.

§9 — SMALL BUSINESS EXPRESS PROGRAM

The bill makes programmatic and structural changes to the Small Business Express Program that (1) expand eligibility, (2) permits loans in small amounts, (3) decentralize decision making to regional entities, and (4) add a new lending component.

EFFECTIVE DATE: July 1, 2015

Expanded Eligibility

The bill makes more businesses eligible for Express loans and grants. Under current law, a business qualifies for Express funding if it:

1. employs fewer than 100 employees during at least half of its working days during the preceding 12 months,
2. operates in Connecticut,
3. has been registered to do business here for at least one year, and
4. is current on all state and local taxes.

The bill eliminates the criterion that limits eligibility to businesses that have been registered to do business in Connecticut for at least one year, thus making newly formed businesses eligible for Express financing. The bill also opens the Express program to businesses that may have employed more than 100 people for any length of time before applying for Express financing. It does this by eliminating the provision limiting Express financing to businesses that employed no more than 100 on at least half of its working days during the previous 12 months. A business must still employ no more than 100 people when it applies for Express funds.

Reduced Minimum Loan and Grant Amounts

The bill also makes Express financing available to businesses seeking loans or grants for relatively small amounts. Current law sets minimum and maximum amounts for the program's loan, job incentive loan, and matching grant components. The bill reduces the minimum amounts for each component from \$10,000 to \$1,000 (see BACKGROUND).

Decentralized Program Administration

The bill requires the DECD commissioner to use nonprofit organizations that operate economic development programs on a regional basis to review and approve some Express loan and grant applications. The commissioner must do this by allocating at least 7% of the available Express funds to these agencies and providing them with guidelines for performing these tasks and specifying the maximum amount they may charge borrowers for administrative costs.

The regional agencies must annually report to the commissioner by April 1 on (1) the number of applicants they received, (2) the number and types of businesses they assisted, (3) the amounts and types of assistance they received, (4) the total number of people each business employed when they applied for assistance and the number of jobs they proposed to create or retain, and (5) their most recent job totals. The commissioner must include this information in her annual report to the legislature on the Express program.

New Collaborative Loan Program

The bill requires the commissioner to establish a loan fund in collaboration with private lenders doing business in Connecticut. The fund must be used to provide capital for acquiring or purchasing machines and equipment, constructing facilities or making leasehold improvements, covering relocation costs, providing working capital, or covering other business-related expenses the commissioner approves, activities which currently qualify for financing under Express' loan program. The commissioner may allocate no more than 10% of Express funds for this loan fund.

The bill specifies no loan or interest limits or repayment terms, as are found in the laws governing existing loan programs. Presumably, the commissioner would determine these requirements in collaboration with the participating lenders.

§ 10 — OFFICE OF SMALL BUSINESS AFFAIRS

The bill expands the duties of DECD's Office of Small Business Affairs, which, among other things, includes providing a single point of contact for small businesses seeking financial and technical assistance from state agencies and maintaining a webpage listing the resources available to small businesses. Under the bill, the office must also provide information on the process small businesses must follow to bid on state and municipal contracts.

The bill also requires the office to describe annually the number and types of business that sought its help and include that information in

DECD's annual report. Under current law, the office must annually summarize all available small business activities and programs by February 1 for inclusion in that report. The bill eliminates the requirement that the report include information about small business activities.

§§ 11 – 14 — FEDERAL DEVIATION ANALYSIS

State agencies that implement federal policies and programs may have to adopt regulations that relate to federal standards and procedures. The bill requires each agency, before it adopts a regulation, to determine if the proposed regulations deviate from a federal standard or procedure and, if it does, explain, in plain language, how and why it does so (federal deviation analysis) and identify each deviating regulatory provision. The agency must include that analysis (1) in its regulation-making record and (2) with the proposed regulation it must submit to the Regulations Review Committee. The agency must also make the analysis available to the public when it notifies the public about its intention to adopt regulations.

BACKGROUND

Distressed Municipalities

The state's 25 distressed municipalities are Ansonia, Bridgeport, Bristol, Derby, East Hartford, Enfield, Hartford, Killingly, Meriden, Montville, Naugatuck, New Britain, New Haven, New London, North Canaan, Plainfield, Plymouth, Preston, Putnam, Sprague, Torrington, Waterbury, West Haven, Winchester, and Windham.

Small Business Express

As Table 1 shows, the Small Business Express Program consists of three components—loans; job incentive loans, which may be deferred or forgiven if the business meets job targets; and matching grants.

Table 1: Small Business Express

Program Requirements	Program Component		
	Loan	Job Incentive Loans	Matching Grant
Eligible Expenditures	Machinery & equipment Construction or leasehold improvements Relocation expenses Working capital Other commissioner-approved business expenses	Training Marketing Working capital Other commissioner-approved business expenses	New or ongoing training Working capital Machinery & equipment Construction or leasehold improvements In-state relocation Other commissioner-approved business expenses
Current terms or conditions	\$10,000 to \$100,000 loans Up to 4% interest Maximum 10-year term	\$10,000 to \$300,000 Up to 4% interest Maximum 10-year term	\$10,000 to \$100,000 Commissioner may waive matching grant requirement for working capital for businesses in distressed municipalities

Related Bills

sHB 6830 (File 581) expands DECD’s brownfield remediation programs, adding new components to the Municipal Brownfield Grant Program and increasing loan amounts under the Brownfield Loan Program. It also expands the range of brownfields DECD may remediate and market to include those the state owned and transferred to other parties.

sSB 961 (File 494) makes changes regarding DECD’s Small Business Affairs Office and requires federal deviation analysis. It and HB 6827 include some of the changes the bill makes to the Small Business Express Program. The other changes these bills make to Small Business Express that are not included in the bill include a new loan guarantee program for entrepreneurs in the state’s eight largest municipalities and a requirement that the commissioner must identify populations

the program has underserved.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 45 Nay 3 (04/30/2015)