



General Assembly

January Session, 2015

Raised Bill No. 7055

LCO No. 6094



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

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 or 22a-134 of the general statutes, or the written
22 determination by the Commissioner of Energy and Environmental
23 Protection that (A) the brownfield has been investigated in accordance
24 with prevailing standards and guidelines, and (B) remediation has
25 been completed in accordance with the applicable remediation
26 standards for such property adopted by the commissioner under
27 section 22a-133k of the general statutes, except for (i) groundwater
28 monitoring, and (ii) groundwater remediation standards, provided the
29 selected groundwater remedy is in operation but has not achieved the
30 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 department. Failure to comply
94 with this subsection shall result in a disallowance of the tax credit until
95 there is full compliance on the part of the transferor and the transferee,
96 and for a second or third transfer, on the part of all subsequent
97 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 pursuant to subsection (b)
104 of this section, prior to beginning any brownfield remediation, the
105 owner shall submit to the commissioner a tax credit application on
106 forms provided by the commissioner and with such information the
107 commissioner deems necessary, including, but not limited to: (1) A
108 brownfield remediation plan; (2) a description of the proposed
109 brownfield remediation and redevelopment project, if any; (3) an

110 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 pursuant to this subsection an application fee in an amount not to
119 exceed five thousand dollars to cover the cost of administering the
120 program established pursuant to this section. If an application is not
121 approved in one fiscal year but is resubmitted in a subsequent fiscal
122 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 making a determination
127 to authorize tax credits, if any, 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 authorize tax credits on a competitive
144 basis, based on a request for applications occurring semiannually in
145 April and October. The commissioner may increase the frequency of
146 requests for applications and awards depending on the number of
147 applicants and the availability of funding.

148 (f) If the commissioner approves an application for tax credits, the
149 department shall reserve for the benefit of the owner an allocation for a
150 tax credit equivalent to the lesser of (1) fifty per cent of the projected
151 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 pursuant to subsection (b) of this
155 section shall notify the commissioner that such substantial completion
156 of the brownfield remediation has occurred. Such owner shall provide
157 the department with documentation of the remediation performed on
158 the brownfield, evidence of the substantial completion of the
159 brownfield remediation and certification of the qualified expenditures
160 incurred as part of the substantial completion of the brownfield
161 remediation plan. The commissioner shall review such remediation
162 and verify its compliance with the brownfield remediation plan.
163 Following such verification, the department shall issue a tax credit
164 voucher to such owner. In an amount equivalent to the amount of the
165 qualified expenditure, provided such amount does not exceed the
166 amount reserved under subsection (f) of this section. In order to obtain
167 a credit against any state tax due that is specified in subsection (h) of
168 this section, the holder of the tax credit voucher shall file the voucher
169 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 credits that may be reserved by
178 the department upon approval of tax credit applications pursuant to
179 subsections (b) to (h), inclusive, of this section shall not exceed twenty
180 million dollars annually for the fiscal years commencing July 1, 2017,
181 to July 1, 2021, inclusive. No project may receive tax credits in an
182 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, 2016, and annually thereafter, the
187 department shall report, in accordance with section 11-4a of the
188 general statutes, the total amount of tax credits reserved for the prior
189 fiscal year pursuant to subsections (b) to (j), inclusive, of this section, to
190 the joint standing committees of the General Assembly having
191 cognizance of matters relating to commerce and finance, revenue and
192 bonding. Each such report shall include the following information for
193 each project for which a tax credit has been reserved: (1) The total
194 project costs, and (2) the value of the tax credit reservation pursuant to
195 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 authorizing tax credits pursuant to section 1 of this act.

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

229 Sec. 3. Section 16-244r of the general statutes is repealed and the
230 following is substituted in lieu thereof (*Effective July 1, 2015, and*
231 *applicable to taxable years commencing on or after January 1, 2017*):

232 (a) Commencing on January 1, 2012, and within the period
233 established in subsection (a) of section 16-244s, as amended by this act,
234 each electric distribution company shall solicit and file with the Public
235 Utilities Regulatory Authority for its approval one or more long-term
236 contracts with owners or developers of Class I generation projects that
237 emit no pollutants and that are less than one thousand kilowatts in

238 size, [located on the customer side of the revenue meter and] that serve
239 the distribution system of the electric distribution company and are
240 located on either (1) the customer side of the revenue meter, or (2) on
241 or after January 1, 2017, a brownfield, as defined in section 32-760, or a
242 solid waste disposal area, as defined in section 22a-260, provided such
243 brownfield or solid waste disposal area has been remediated in
244 accordance with applicable law and regulations and the standards of
245 remediation of the Department of Energy and Environmental
246 Protection. The authority may give a preference to contracts for
247 technologies manufactured, researched or developed in the state.

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

253 (c) (1) [The] For contracts entered into in calendar years 2012 to
254 2017, inclusive, for projects located on the customer side of the revenue
255 meter, 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. For
259 contracts entered into in calendar years 2017 to 2021, inclusive, for
260 projects located on a brownfield or solid waste disposal area, the
261 aggregate procurement of renewable energy credits by electric
262 distribution companies pursuant to this section shall (i) be two million
263 dollars in the first year, and (ii) increase by an additional two million
264 dollars per year in years two to four, inclusive.

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

270 (A) If the authority determines such costs have been reduced for
271 contracts entered into in calendar years 2012 to 2017, inclusive, for
272 projects located on the customer side of the revenue meter, the
273 aggregate procurement of renewable energy credits by electric
274 distribution companies pursuant to this subdivision shall (i) increase
275 by an additional eight million dollars per year in years five and six, (ii)
276 be forty-eight million dollars in years seven to fifteen, inclusive, and
277 (iii) decline by eight million dollars per year in years sixteen to twenty-
278 one, inclusive. [, provided any] If the authority determines such costs
279 have been reduced for contracts entered into in calendar years 2017 to
280 2021, inclusive, for projects located on a brownfield or solid waste
281 disposal area, the aggregate procurement of renewable energy credits
282 by electric distribution companies pursuant to this subdivision shall (i)
283 increase by an additional two million dollars per year in years five and
284 six, (ii) be twelve million dollars in years seven to fifteen, inclusive,
285 and (iii) decline by two million dollars per year in years sixteen to
286 twenty-one, inclusive. Any money not allocated in any given year may
287 roll into the next year's available funds.

288 (B) If the authority determines such costs have not been reduced for
289 contracts entered into in calendar years 2012 to 2017, inclusive, for
290 projects located on the customer side of the revenue meter, the
291 aggregate procurement of renewable energy credits by electric
292 distribution companies pursuant to this subdivision shall (i) be thirty-
293 two million dollars in years five to thirteen, inclusive, and (ii) decline
294 by eight million dollars per year in years fourteen to nineteen,
295 inclusive. [, provided any] If the authority determines such costs have
296 not been reduced for contracts entered into in calendar years 2017 to
297 2021, inclusive, for projects located on a brownfield or solid waste
298 disposal area, the aggregate procurement of renewable energy credits
299 by electric distribution companies pursuant to this subdivision shall (i)
300 increase by an additional two million dollars per year in years five and
301 six, (ii) be twelve million dollars in years seven to fifteen, inclusive,
302 and (iii) decline by two million dollars per year in years sixteen to

303 twenty-one, inclusive. Any money not allocated in any given year may
304 roll into the next year's available funds.

305 (3) The production of a megawatt hour of electricity from a Class I
306 renewable energy source first placed in service on or after July 1, 2011,
307 shall create one renewable energy credit. A renewable energy credit
308 shall have an effective life covering the year in which the credit was
309 created and the following calendar year. The obligation to purchase
310 renewable energy credits shall be apportioned to electric distribution
311 companies based on their respective distribution system loads at the
312 commencement of the procurement period, as determined by the
313 authority. For contracts entered into in calendar year 2012 for projects
314 located on the customer side of the revenue meter, or for contracts
315 entered into in calendar year 2016 for projects located on a brownfield
316 or solid waste disposal area, an electric distribution company shall not
317 be required to enter into a contract that provides a payment of more
318 than three hundred fifty dollars, per renewable energy credit in any
319 year over the term of the contract. For contracts entered into in
320 calendar years 2013 to 2017, inclusive, for projects located on the
321 customer side of the revenue meter, or for contracts entered into in
322 calendar years 2017 to 2021, inclusive, for projects located on a
323 brownfield or solid waste disposal area, at least ninety days before
324 each annual electric distribution company solicitation, the Public
325 Utilities Regulatory Authority may lower the renewable energy credit
326 price cap specified in this subsection by three to seven per cent
327 annually, during each of the six years of the program over the term of
328 the contract. In the course of lowering such price cap applicable to each
329 annual solicitation, the authority shall, after notice and opportunity for
330 public comment, consider such factors as the actual bid results from
331 the most recent electric distribution company solicitation and
332 reasonably foreseeable reductions in the cost of eligible technologies.

333 (d) Notwithstanding subdivision (1) of subsection (h) of section 16-
334 244c, an electric distribution company may retire the renewable energy
335 credits it procures through long-term contracting to satisfy its

336 obligation pursuant to section 16-245a.

337 (e) Nothing in this section shall preclude the resale or other
338 disposition of energy or associated renewable energy credits
339 purchased by the electric distribution company, provided the
340 distribution company shall net the cost of payments made to projects
341 under the long-term contracts against the proceeds of the sale of
342 energy or renewable energy credits and the difference shall be credited
343 or charged to distribution customers through a reconciling component
344 of electric rates as determined by the authority that is nonbypassable
345 when switching electric suppliers.

346 Sec. 4. Section 16-244s of the general statutes is repealed and the
347 following is substituted in lieu thereof (*Effective July 1, 2015, and*
348 *applicable to taxable years commencing on or after January 1, 2017*):

349 (a) To procure the long-term contracts described in section 16-244r,
350 as amended by this act, each electric distribution company shall, not
351 later than one hundred eighty days after July 1, 2011, for a project
352 located on the customer side of the revenue meter, or not later than
353 one hundred eighty days after July 1, 2015, for a project located on a
354 brownfield or solid waste disposal area, propose a six-year solicitation
355 plan that shall include (1) a timetable and methodology for soliciting
356 proposals for the long-term purchase of renewable energy credits from
357 in-state generators of Class I technologies that emit no pollutants and
358 are not more than one megawatt in size, and (2) declining annual
359 incentives during each of the six years of the program. The electric
360 distribution company's solicitation plan shall be subject to the review
361 and approval of the Public Utilities Regulatory Authority.

362 (b) The electric distribution company's approved solicitation plan
363 shall be designed to foster a diversity of project sizes and participation
364 among all eligible customer classes subject to cost-effectiveness
365 considerations. Separate procurement processes shall be conducted for
366 (1) systems up to one hundred kilowatts; (2) systems greater than one

367 hundred kilowatts but less than two hundred fifty kilowatts; and (3)
368 systems between two hundred fifty and one thousand kilowatts,
369 including, but not limited to, systems between two hundred fifty and
370 one thousand kilowatts located on a brownfield or solid waste disposal
371 area. The Public Utilities Regulatory Authority shall give preference to
372 competitive bidding for resources of more than [one hundred] two
373 hundred fifty kilowatts, with bids ranked in order on the basis of
374 lowest net present value of required renewable energy credit price,
375 unless the authority determines that an alternative methodology is in
376 the best interests of the electric distribution company's customers and
377 the development of a competitive and self-sustaining market. [Systems
378 up to one hundred kilowatts in size shall be eligible to receive, on an
379 ongoing and continuous basis, a renewable energy credit offer price
380 equivalent to the weighted average accepted bid price in the most
381 recent solicitation for systems greater than one hundred kilowatts but
382 less than two hundred fifty kilowatts, plus an additional incentive of
383 ten per cent.]

384 (c) Each electric distribution company shall execute its approved
385 six-year solicitation plan and submit to the Public Utilities Regulatory
386 Authority for review and approval of its preferred procurement plan
387 comprised of any proposed contract or contracts with independent
388 developers. If an electric distribution company's solicitation does not
389 result in proposed contracts totaling the annual expenditure pursuant
390 to subsection (a) of section 16-244r, as amended by this act, and the
391 Public Utilities Regulatory Authority has reduced the cap price by
392 more than three per cent pursuant to subsection (c) of section 16-244r,
393 as amended by this act, the authority shall, within ninety days, issue a
394 request for proposals for additional contracts. The authority shall
395 approve contract proposals submitted in response to such request on a
396 least-cost basis, provided an electric distribution company shall not be
397 required to enter into a contract that provides for a payment in any
398 year of the contract that exceeds the renewable energy price cap for the
399 prior year by less than three per cent.

400 (d) The Public Utilities Regulatory Authority shall hold a hearing
401 [that shall be conducted as an uncontested case,] in accordance with
402 the provisions of chapter 54, to approve, reject or modify an
403 application for approval of the electric distribution company's
404 procurement plan, except that such hearing and proceeding shall not
405 be a contested case, as defined in section 4-166. The authority shall
406 only approve such [proposed] procurement plan if the authority finds
407 that (1) the solicitation and evaluation conducted by the electric
408 distribution company was the result of a fair, open, competitive and
409 transparent process; (2) approval of the procurement plan would result
410 in the greatest expected ratepayer value from energy from Class I or
411 renewable energy credits at the lowest reasonable cost; and (3) such
412 procurement plan satisfies other criteria established in the approved
413 solicitation plan. The authority shall not approve any proposal made
414 under such plan unless [it] the authority determines that the plan and
415 proposals encompass all foreseeable sources of revenue or benefits and
416 that such proposals, together with such revenue or benefits, would
417 result in the greatest expected ratepayer value from energy
418 technologies that emit no pollutants or renewable energy credits. The
419 authority may, in its discretion, retain the services of an independent
420 consultant with expertise in the area of energy procurement to assist in
421 such determination. The independent consultant shall be unaffiliated
422 with the electric distribution company or its affiliates and shall not,
423 directly or indirectly, have benefited from employment or contracts
424 with the electric distribution company or its affiliates in the preceding
425 five years, except as an independent consultant. The electric
426 distribution company shall provide the independent consultant
427 immediate and continuing access to all documents and data reviewed,
428 used or produced by the electric distribution company in its bid
429 solicitation and evaluation process. The electric distribution company
430 shall make all of its personnel, agents and contractors used in the bid
431 solicitation and evaluation available for interview by the consultant.
432 The electric distribution company shall conduct any additional
433 modeling requested by the independent consultant to test the

434 assumptions and results of the bid evaluation process. The
435 independent consultant shall not participate in or advise the electric
436 distribution company with respect to any decisions in the bid
437 solicitation or bid evaluation process. The authority's administrative
438 costs in reviewing the electric distribution company's procurement
439 plan and the costs of the consultant shall be recovered through a
440 reconciling component of electric rates as determined by the authority.

441 (e) The electric distribution company shall be entitled to recover its
442 reasonable costs and fees prudently incurred [of] in complying with its
443 approved procurement plan through a reconciling component of
444 electric rates as determined by the authority. Nothing in this section
445 shall preclude the resale or other disposition of energy or associated
446 renewable energy credits purchased by the electric distribution
447 company, provided the distribution company shall net the cost of
448 payments made to projects under the long-term contracts against the
449 proceeds of the sale of energy or renewable energy credits and the
450 difference shall be credited or charged to distribution customers
451 through a reconciling component of electric rates as determined by the
452 authority that is nonbypassable when switching electric suppliers.

453 (f) Failure by the electric distribution company to execute its
454 approved solicitation plan shall result in the assessment of a
455 noncompliance fee. Unless, upon petition by the electric distribution
456 company, the authority grants the distribution company an extension
457 not to exceed ninety days to correct this deficiency, the electric
458 distribution company shall be assessed a noncompliance fee equal to
459 one hundred twenty-five per cent of the difference between the annual
460 distribution company expenditures required pursuant to subsection (c)
461 of section 16-244r, as amended by this act, and the contractually
462 committed expenditure for renewable energy credits from eligible zero
463 emissions customer-sited generating projects in that year. The
464 noncompliance fees associated with the procurement shortfall shall be
465 collected by the distribution company, maintained in a separate
466 interest-bearing account and disbursed to the department on a

467 quarterly basis. Funds collected by the authority pursuant to this
468 section shall be used to support the deployment of Class I zero
469 emissions generating systems installed in the state with priority given
470 to otherwise underserved market segments, including, but not limited
471 to, low-income housing, schools and other public buildings and
472 nonprofits. The authority may waive a noncompliance fee assessed
473 pursuant to this section if the authority determines that meeting the
474 requirements of this subsection would be commercially infeasible.

475 (g) Not later than sixty days after its approval of the distribution
476 company procurement plans submitted on or [before January 1, 2013]
477 after July 1, 2015, but prior to January 1, 2017, the Public Utilities
478 Regulatory Authority shall submit a report to the joint standing
479 committee of the General Assembly having cognizance of matters
480 relating to energy. The report shall document for each distribution
481 company procurement plan: (1) The total number of renewable energy
482 credits bid relative to the number of renewable energy credits
483 requested by the distribution company; (2) the total number of bidders;
484 [in each market segment;] (3) the number and value of contracts
485 awarded; (4) the total weighted average price of the renewable energy
486 credits or energy so purchased; and (5) the extent to which the costs of
487 the technology has been reduced. The authority shall not report
488 individual bid information or other proprietary information.

489 Sec. 5. Section 7-326 of the general statutes is repealed and the
490 following is substituted in lieu thereof (*Effective July 1, 2015*):

491 At [such] a meeting held pursuant to section 7-325, the voters may
492 establish a district for any or all of the following purposes: To
493 extinguish fires, to light streets, to plant and care for shade and
494 ornamental trees, to construct and maintain roads, sidewalks,
495 crosswalks, drains and sewers, to appoint and employ watchmen or
496 police officers, to acquire, construct, maintain and regulate the use of
497 recreational facilities, to plan, lay out, acquire, construct, reconstruct,
498 repair, maintain, supervise and manage a flood or erosion control

499 system, to plan, lay out, acquire, construct, maintain, operate and
500 regulate the use of a community water system, to collect garbage,
501 ashes and all other refuse matter in any portion of such district and
502 provide for the disposal of such matter, to implement tick control
503 measures, to install highway sound barriers, to maintain water quality
504 in lakes that are located solely in one town in this state, to establish a
505 zoning commission and a zoning board of appeals or a planning
506 commission, or both, by adoption of chapter 124 or chapter 126,
507 excluding section 8-29, or both chapters, as the case may be, which
508 commissions or board shall be dissolved upon adoption by the town of
509 subdivision or zoning regulations by the town planning or zoning
510 commission, to adopt building regulations, which regulations shall be
511 superseded upon adoption by the town of building regulations, [and]
512 to provide ferry service, and to plan, lay out, acquire, construct,
513 maintain, operate and regulate a community broadband system. Any
514 district may contract with a town, city, borough or other district [for
515 carrying] to carry out any of the purposes for which such district was
516 established.

517 Sec. 6. Section 12-704d of the general statutes is repealed and the
518 following is substituted in lieu thereof (*Effective July 1, 2015, and*
519 *applicable to taxable years commencing on or after January 1, 2017*):

520 (a) As used in this section:

521 (1) "Angel investor" means an accredited investor, as defined by the
522 Securities and Exchange Commission, or network of accredited
523 investors who review new or proposed businesses for potential
524 investment and who may seek active involvement, such as consulting
525 and mentoring, in a Connecticut business, [but] except that "angel
526 investor" does not include (A) a person controlling fifty per cent or
527 more of the Connecticut business invested in by the angel investor, (B)
528 a venture capital company, or (C) any bank, bank and trust company,
529 insurance company, trust company, national bank, savings association
530 or building and loan association for activities that are a part of its

531 normal course of business;

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

535 (3) "Connecticut business" means any business with its principal
536 place of business in Connecticut that is engaged in bioscience,
537 advanced materials, photonics, information technology, clean
538 technology, cybersecurity technology or any other emerging
539 technology as determined by the Commissioner of Economic and
540 Community Development;

541 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,
542 medical equipment or medical devices and analytical laboratory
543 instruments, operating medical or diagnostic testing laboratories, or
544 conducting pure research and development in life sciences;

545 (5) "Advanced materials" means developing, formulating or
546 manufacturing advanced alloys, coatings, lubricants, refrigerants,
547 surfactants, emulsifiers or substrates;

548 (6) "Photonics" means generation, emission, transmission,
549 modulation, signal processing, switching, amplification, detection and
550 sensing of light from ultraviolet to infrared and the manufacture,
551 research or development of opto-electronic devices, including, but not
552 limited to, lasers, masers, fiber optic devices, quantum devices,
553 holographic devices and related technologies;

554 (7) "Information technology" means software publishing, motion
555 picture and video production, teleproduction and postproduction
556 services, telecommunications, data processing, hosting and related
557 services, custom computer programming services, computer system
558 design, computer facilities management services, other computer
559 related services and computer training;

560 (8) "Clean technology" means the production, manufacture, design,
561 research or development of clean energy, green buildings, smart grid,
562 high-efficiency transportation vehicles and alternative fuels,
563 environmental products, environmental remediation and pollution
564 prevention; [and]

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

569 (10) "Cybersecurity technology" means information technology
570 products or goods intended to detect or prevent activity intended to
571 result in unauthorized access to, exfiltration of, manipulation of, or
572 impairment to the integrity, confidentiality or availability of an
573 information technology system or information stored on, or transiting,
574 an information technology system.

575 (b) There shall be allowed a credit against the tax imposed under
576 this chapter, other than the liability imposed by section 12-707, for a
577 cash investment of not less than twenty-five thousand dollars in the
578 qualified securities of a Connecticut business by an angel investor. The
579 credit shall be in an amount equal to thirty-three per cent of such
580 investor's cash investment in any Connecticut business that is
581 primarily engaged in bioscience, clean technology or cybersecurity
582 technology or twenty-five per cent of such investor's cash investment
583 in any other Connecticut business eligible for the tax credits provided
584 under this section, provided the total tax credits allowed to any angel
585 investor shall not exceed two hundred fifty thousand dollars. The
586 credit shall be claimed in the taxable year in which such cash
587 investment is made by the angel investor and shall not be transferable.

588 (c) To qualify for a tax credit pursuant to this section, a cash
589 investment shall be in a Connecticut business that (1) has been
590 approved as a qualified Connecticut business pursuant to subsection

591 (d) of this section; (2) had annual gross revenues of less than one
592 million dollars in the most recent income year of such business; (3) has
593 fewer than twenty-five employees, not less than seventy-five per cent
594 of whom reside in this state; (4) has been operating in this state for less
595 than seven consecutive years; (5) is primarily owned by the
596 management of the business and their families; and (6) received less
597 than two million dollars in cash investments eligible for the tax credits
598 provided [by] under this section.

599 (d) (1) A Connecticut business may apply to Connecticut
600 Innovations, Incorporated, for approval as a Connecticut business
601 qualified to receive cash investments eligible for a tax credit pursuant
602 to this section. The application shall include (A) the name of the
603 business and a copy of the organizational documents of such business,
604 (B) a business plan, including a description of the business and the
605 management, product, market and financial plan of the business, (C) a
606 description of the business's innovative technology, product or service,
607 (D) a statement of the potential economic impact of the business,
608 including the number, location and types of jobs expected to be
609 created, (E) a description of the qualified securities to be issued and the
610 amount of cash investment sought by the qualified Connecticut
611 business, (F) a statement of the amount, timing and projected use of
612 the proceeds to be raised from the proposed sale of qualified securities,
613 and (G) such other information as the chief executive officer of
614 Connecticut Innovations, Incorporated, may require.

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

619 (e) (1) Any angel investor that intends to make a cash investment in
620 a business on such list may apply to Connecticut Innovations,
621 Incorporated, to reserve a tax credit in the amount indicated by such
622 investor. The aggregate amount of all tax credits under this section that

623 may be reserved by Connecticut Innovations, Incorporated, shall not
624 exceed six million dollars annually for the fiscal years commencing
625 July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three
626 million dollars in each fiscal year thereafter. Connecticut Innovations,
627 Incorporated, shall not reserve tax credits under this section for any
628 investment made on or after July 1, [2016] 2017.

629 (2) The amount of the credit allowed to any investor pursuant to this
630 section shall not exceed the amount of tax due from such investor
631 under this chapter, other than section 12-707, with respect to such
632 taxable year. Any tax credit that is claimed by the angel investor but
633 not applied against the tax due under this chapter, other than the
634 liability imposed under section 12-707, may be carried forward for the
635 five immediately succeeding taxable years until the full credit has been
636 applied.

637 (f) If the angel investor is an S corporation or an entity treated as a
638 partnership for federal income tax purposes, the tax credit may be
639 claimed by the shareholders or partners of the angel investor. If the
640 angel investor is a single member limited liability company that is
641 disregarded as an entity separate from its owner, the tax credit may be
642 claimed by such limited liability company's owner, provided such
643 owner is a person subject to the tax imposed under this chapter.

644 (g) [A] Connecticut Innovations, Incorporated, shall conduct a
645 review of the cumulative effectiveness of the credit under this section
646 [shall be conducted by Connecticut Innovations, Incorporated,] by July
647 1, 2014, and by July first annually thereafter. Such review shall include,
648 but need not be limited to, the number and type of Connecticut
649 businesses that received angel investments, the number of angel
650 investors and the aggregate amount of cash investments, the current
651 status of each Connecticut business that received angel investments,
652 the number of employees employed in each year following the year in
653 which such Connecticut business received the angel investment, and
654 the economic impact in the state, of the Connecticut business that

655 received the angel investment. Such review shall be submitted to the
656 Office of Policy and Management and to the joint standing [committee]
657 committees of the General Assembly having cognizance of matters
658 relating to commerce and finance, in accordance with the provisions of
659 section 11-4a.

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

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

665 (1) Created on or after January 1, 1997, in an enterprise zone and
666 which either [(1)] (A) has at least three hundred seventy-five
667 employees, at least forty per cent of whom [(A)] (i) are residents of the
668 enterprise zone or the municipality in which the enterprise zone is
669 located and [(B)] (ii) qualify under the Job Training Partnership Act or
670 [(2)] (B) has less than three hundred seventy-five employees, at least
671 one hundred fifty employees of whom [(A)] (i) are residents of the
672 enterprise zone or the municipality in which the enterprise zone is
673 located and [(B)] (ii) qualify under the Job Training Partnership Act; or

674 (2) Created on or after July 1, 2015, in a distressed municipality, as
675 defined in section 32-9p, and which is primarily engaged in either
676 bioscience, as defined in section 12-704d, as amended by this act, clean
677 technology, as defined in section 12-704d, as amended by this act, or
678 cybersecurity technology as defined in section 12-704d, as amended by
679 this act.

680 (b) There shall be allowed as a credit against the tax imposed [on
681 any corporation] under this chapter on any corporation described in
682 subdivision (1) of subsection (a) of this section which is created on or
683 after January 1, 1997, in an enterprise zone, or any corporation
684 described in subdivision (2) of subsection (a) of this section which is
685 created on or after July 1, 2015, in a distressed municipality in an

686 amount equal to (1) one hundred per cent of the tax liability of the
687 corporation under said chapter with respect to the first three taxable
688 years of the corporation and (2) fifty per cent of the tax liability of the
689 corporation under this chapter with respect to the next seven taxable
690 years of the corporation.

691 Sec. 8. Section 12-217w of the general statutes is repealed and the
692 following is substituted in lieu thereof (*Effective July 1, 2015, and*
693 *applicable to taxable years commencing on or after January 1, 2017*):

694 (a) For purposes of this section, "fixed capital" means tangible
695 personal property which (1) has a class life, in years, of more than four
696 years, as described in Section 168(e) of the Internal Revenue Code of
697 1986, or any subsequent corresponding internal revenue code of the
698 United States, as from time to time amended, (2) is acquired by
699 purchase from a person other than a related person, (3) is not acquired
700 to be leased, and is not leased, to another person or persons during the
701 twelve full months following its acquisition, and (4) will be held and
702 used in this state by a corporation in the ordinary course of the
703 corporation's trade or business in this state for not less than five full
704 years following its acquisition. "Fixed capital" does not include
705 inventory, land, buildings or structures, or mobile transportation
706 property. With respect to a corporation claiming a credit under this
707 section, a "related person" means a corporation, partnership,
708 association or trust controlled by such corporation; an individual,
709 corporation, partnership, association or trust that is in control of such
710 corporation; a corporation, partnership, association or trust controlled
711 by an individual, corporation, partnership, association or trust that is
712 in control of such corporation; or a member of the same controlled
713 group as such corporation. For purposes of this section, "control", with
714 respect to a corporation, means ownership, directly or indirectly, of
715 stock possessing fifty per cent or more of the total combined voting
716 power of all classes of the stock of such corporation entitled to vote;
717 with respect to a trust, means ownership, directly or indirectly, of fifty
718 per cent or more of the beneficial interest in the principal or income of

719 such trust. The ownership of stock in a corporation, of a capital or
720 profits interest in a partnership or association or of a beneficial interest
721 in a trust shall be determined in accordance with the rules for
722 constructive ownership of stock provided in Section 267(c) of the
723 Internal Revenue Code of 1986, or any subsequent corresponding
724 internal revenue code of the United States, as from time to time
725 amended, other than paragraph (3) of such section.

726 (b) There shall be allowed a credit for any corporation against the
727 tax imposed under this chapter in an amount paid or incurred by such
728 corporation for any new fixed capital investment during the income
729 year in which such fixed capital is acquired as follows: For any income
730 year commencing on or after January 1, 1998, and prior to January 1,
731 1999, equal to three per cent of such amount paid or incurred by the
732 corporation during such income year; for any income year
733 commencing on or after January 1, 1999, and prior to January 1, 2000,
734 equal to four per cent of such amount paid or incurred by the
735 corporation during such income year; and for any income year
736 commencing on or after January 1, 2000, equal to five per cent of such
737 amount paid or incurred by the corporation during such income year,
738 except that for any income year commencing on or after January 1,
739 2017, equal to ten per cent of such amount paid or incurred by the
740 corporation during such income year for fixed capital acquired for
741 bioscience, as defined in section 12-704d, as amended by this act, clean
742 technology, as defined in section 12-704d, as amended by this act, or
743 cybersecurity technology as defined in section 12-704d, as amended by
744 this act.

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

748 (d) No corporation claiming the credit under this section with
749 respect to the acquisition of fixed capital, as defined in subsection (a) of
750 this section, may claim a credit against any tax under any other

751 provision of the general statutes with respect to the same acquisition.

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

755 (f) If the fixed capital on account of which a corporation has claimed
756 the credit allowed by this section is not held and used in this state in
757 the ordinary course of the corporation's trade or business in this state
758 for three full years following its acquisition as provided in subsection
759 (a) of this section, the corporation shall recapture one hundred per cent
760 of the amount of the credit allowed under this section on its
761 corporation business tax return required to be filed for the income year
762 immediately succeeding the income year during which such three-year
763 period expires. If the fixed capital on account of which a corporation
764 has claimed the credit allowed by this section is not held and used in
765 this state in the ordinary course of the corporation's trade or business
766 in this state for five full years following its acquisition as provided in
767 subsection (a) of this section, the corporation shall recapture fifty per
768 cent of the amount of the credit allowed under this section on its
769 corporation business tax return required to be filed for the income year
770 immediately succeeding the income year during which such five-year
771 period expires. The provisions of this subsection shall not apply if the
772 property that is the subject of the credit under this section is replaced.
773 If any amount of credit required to be recaptured has not been paid to
774 the commissioner on or before the first day of the fourth month next
775 succeeding the end of the income year immediately succeeding the
776 income year during which the three-year or five-year period, as the
777 case may be, expires, such amount shall bear interest at the rate of one
778 per cent per month or fraction thereof from such date to the date of
779 payment.

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

783 (a) As used in this section:

784 (1) "Commissioner" means the Commissioner of Economic and
785 Community Development.

786 (2) "Eligible industrial site investment project" means a project
787 located within this state for the development or redevelopment of real
788 property: (A) (i) That has been subject to a "spill", as defined in section
789 22a-452c, (ii) is an "establishment", as defined in subdivision (3) of
790 section 22a-134, or (iii) is a "facility", as defined in 42 USC 9601(9); (B)
791 that, if remediated, renovated or demolished in accordance with
792 applicable law and regulations and the standards of remediation of the
793 Department of Energy and Environmental Protection and used for
794 business purposes, will add significant new economic activity and
795 employment in the municipality in which the investment is to be
796 made, and will generate additional tax revenues to the state; (C) for
797 which the use of the urban and industrial site reinvestment program
798 will be necessary to attract private investment to the project; (D) the
799 business use of which would be economically viable and would
800 generate direct and indirect economic benefits to the state that exceed
801 the amount of the investment during the period for which the tax
802 credits granted pursuant to public act 00-170 are granted; and (E) that
803 is, in the judgment of the commissioner, consistent with the strategic
804 economic development priorities of the state and the municipality.

805 (3) "Eligible urban reinvestment project" means a project: (A) That
806 would add significant new economic activity in the eligible
807 municipality in which the project is located, and will generate
808 significant additional tax revenues to the state or the municipality; (B)
809 for which the use of the urban and industrial site reinvestment
810 program will be necessary to attract private investment to an eligible
811 municipality; (C) that is economically viable; (D) for which the direct
812 and indirect economic benefits to the state outweigh the costs of the
813 project; and (E) that is, in the judgment of the commissioner, consistent
814 with the strategic economic development priorities of the state and the

815 municipality.

816 (4) "Related person" means: (A) A corporation, limited liability
817 company, partnership, association or trust controlled by the taxpayer;
818 (B) an individual, corporation, limited liability company, partnership,
819 association or trust that is in control of the taxpayer; (C) a corporation,
820 limited liability company, partnership, association or trust controlled
821 by an individual, corporation, limited liability company, partnership,
822 association or trust that is in control of the taxpayer; or (D) a member
823 of the same controlled group as the taxpayer. For the purposes of this
824 [section] subdivision, "control", with respect to a corporation, means
825 ownership, directly or indirectly, of stock possessing fifty per cent or
826 more of the total combined voting power of all classes of the stock of
827 such corporation entitled to vote. "Control", with respect to a trust,
828 means ownership, directly or indirectly, of fifty per cent or more of the
829 beneficial interest in the principal or income of such trust. The
830 ownership of stock in a corporation, of a capital or profits interest in a
831 partnership or association or of a beneficial interest in a trust shall be
832 determined in accordance with the rules for constructive ownership of
833 stock provided in Section 267(c) of the Internal Revenue Code, other
834 than paragraph (3) of said section.

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

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

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

845 (8) "Fund manager" means a fund manager registered in accordance

846 with subsection (d) of this section.

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

853 (10) "New employee" means a person hired by a subject business to
854 fill a position for a new job or a person shifted from an existing
855 location of the subject business outside this state to a new facility in
856 this state, provided (A) in no case shall the total number of new
857 employees allowed for purposes of this credit exceed the total increase
858 in the taxpayer's employment in this state, which increase shall be the
859 difference between (i) the number of employees employed by the
860 subject business in this state at the time of application for an eligibility
861 certificate to the commissioner plus the number of new employees
862 who would be eligible for inclusion under the credit allowed under
863 this section without regard to this calculation, and (ii) the highest
864 number of employees employed by the subject business in this state in
865 the year preceding the subject business' application for an eligibility
866 certificate to the commissioner, and (B) a person shall be deemed to be
867 a "new employee" only if such person's duties in connection with the
868 operation of the facility are on a regular, full-time, or equivalent
869 thereof, and permanent basis.

870 (11) "New facility" means a facility which (A) is acquired by, leased
871 to, or constructed by, a subject business on or after the date of the
872 subject business' application to the commissioner for an eligibility
873 certificate under this section, unless, upon application of the subject
874 business and upon good and sufficient cause shown, the commissioner
875 waives the requirement that such activity take place after the
876 application, and (B) was not in service or use during the one-year
877 period immediately prior to the date of the subject business'

878 application to the commissioner for an eligibility certificate under this
879 section, unless upon application of the subject business and upon good
880 and sufficient cause shown, the commissioner consents to waiving the
881 one-year period.

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

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

892 (14) "Approved investment" means an investment approved by the
893 commissioner under subsection (g) of this section.

894 (15) "Recapture amount" means the amount by which the total of tax
895 credits claimed with respect to any approved investment as of the date
896 of calculation exceeds the sum of all state revenue actually generated
897 through such date by the eligible project in which such approved
898 investment was made.

899 (16) "Pro rata share" means the percentage the amount of the
900 approved investment by an individual investor in an eligible project
901 bears to the total amount of the approved investment in such project,
902 or in the case of a taxpayer to whom credits are transferred under this
903 section, the percentage the amount of credits with respect to an
904 approved investment transferred bears to the total credits with respect
905 to such approved investment.

906 (17) "Community development entity" means any corporation,
907 limited partnership or limited liability company qualified to do

908 business in this state and which (A) is organized for the purpose of
909 providing investment capital or financing for eligible projects under
910 this section, (B) maintains accountability to residents of more than one
911 eligible municipality through representation on the governing board of
912 the entity, (C) is organized for the purpose of seeking certification and
913 an allocation of new markets tax credits as provided in Section 45D of
914 the Internal Revenue Code, and (D) is registered in accordance with
915 subsection (d) of this section. No community development entity shall
916 be eligible for any tax credits under this section unless it is certified
917 under said Section 45D on the date any approved investment is made.
918 A community development entity shall not be deemed a "fund" for
919 purposes of this section.

920 (18) "Project" means the acquisition, leasing, demolition,
921 remediation, construction, renovation, expansion or other
922 development or redevelopment of real property and improvements
923 within this state, including furniture, fixtures, equipment and other
924 personal property which is reasonably necessary in connection
925 therewith, and associated interest and other financing costs and
926 charges, relocation and start-up costs, and architectural, engineering,
927 legal and other professional services, plans, specifications, surveys,
928 permits, studies and evaluations necessary or incident to the
929 development, financing, completion and placing in operation of such a
930 project. In the case of a contractually bound community development
931 entity, "project" [shall] does not include any activities, costs or services
932 not included in the terms of the allocation agreement with the
933 community development financial institutions fund under Section 45D
934 of the Internal Revenue Code.

935 (19) "Contractually bound community development entity" means a
936 community development entity that (A) has entered into an allocation
937 agreement with the community development financial institutions
938 fund pursuant to Section 45D of the Internal Revenue Code, and (B)
939 whose service area in such allocation agreement includes the state of
940 Connecticut.

941 (20) "Internal Revenue Code" means the Internal Revenue Code of
942 1986, or any subsequent corresponding internal revenue code of the
943 United States, as amended from time to time.

944 (21) "Bioscience" means business related to any one or more of the
945 following North American Industry Classification codes: 311211,
946 311222, 311223, 325193, 325199, 325221, 325311, 325312, 325314, 325320,
947 325411, 325412, 325413, 325414, 334510, 334516, 334517, 339111, 339112,
948 339113, 339114, 339115, 339116, 541380, 541710, 621511 and 621512.

949 (22) "Clean technology" means business related to any one or more
950 of the following North American Industry Classification codes: 221111
951 to 221118, inclusive, 221330, 237110, 237130, 314994, 333414, 333611,
952 334413, 335999, 562213 and 926130.

953 (23) "Cybersecurity" means business related to any one or more of
954 the following North American Industry Classification codes related to
955 computers: 334112, 334614, 454113, 511210, 541511, 541512, 541513,
956 541519, 541712 and 811212.

957 (b) There is established an urban and industrial site reinvestment
958 program under which taxpayers who make investments in eligible
959 urban reinvestment projects or eligible industrial site investment
960 projects may be allowed a credit against the tax imposed under
961 chapters 207 to 212a, inclusive, or section 38a-743, or a combination of
962 said taxes, in an amount equal to the percentage of their approved
963 investment determined in accordance with subsection (i) of this
964 section.

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

969 (d) (1) The commissioner may register managers of funds and
970 community development entities created for the purpose of investing

971 in eligible urban reinvestment projects and eligible industrial site
972 investment projects. Any manager, community development entity or
973 contractually bound community development entity registered under
974 this subsection shall have its primary place of business in this state.
975 Each applicant shall submit an application under oath to the
976 commissioner to be registered and shall furnish evidence satisfactory
977 to the commissioner of its financial responsibility, integrity,
978 professional competence and experience in managing investment
979 funds. Failure to maintain adequate fiduciary standards with respect
980 to investments made under this section shall constitute cause for the
981 commissioner to revoke, after a hearing, any registration granted
982 under this section or section 38a-88a. The fund manager, community
983 development entity or contractually bound community development
984 entity shall make a report on or before the first day of March in each
985 year, under oath, to the Commissioner of Economic and Community
986 Development and the Commissioner of Revenue Services specifying
987 the name, address and Social Security number or employer
988 identification number of each investor, the year during which each
989 investment was made by each investor, the amount of each
990 investment, a description of the fund's investment objectives and
991 relative performance, or the entity's projects, as the case may be, and a
992 description, including amounts, of all fees received by such manager
993 or entity in relation to each such fund.

994 (2) Any manager of funds registered on or before July 1, 2000,
995 pursuant to section 38a-88a shall be deemed registered as a fund
996 manager for all purposes under the provisions of this section upon
997 submission, in writing, to the commissioner of such manager's
998 intention to act as a manager of funds under this section. The
999 commissioner may request from any such manager such information
1000 as the commissioner may require relating to such manager's financial
1001 responsibility, integrity, professional competence and experience in
1002 managing investment funds.

1003 (e) Any taxpayer or fund manager, community development entity

1004 or contractually bound community development entity wishing to
1005 make an investment under the provisions of this section shall apply to
1006 the commissioner in accordance with the provisions of this section. The
1007 application shall contain sufficient information to establish that the
1008 project in which the proposed investment will be made is an eligible
1009 industrial site investment project or an urban reinvestment project, as
1010 [appropriate] the case may be, and information concerning the type of
1011 investment proposed to be made, the location of the project, the
1012 number of jobs to be created or retained, physical infrastructure that
1013 might be created or preserved, feasibility studies or business plans for
1014 the project, projected state and local revenue that might derive as a
1015 result of the project and other information necessary to demonstrate
1016 the financial viability of the project and to demonstrate that the
1017 investment will provide net benefits to the economy of, and
1018 employment for citizens of, the municipality and the state, and in the
1019 case of an eligible industrial site investment project, how such project
1020 will meet the standards of remediation of the Department of Energy
1021 and Environmental Protection. The commissioner shall impose a fee
1022 for such application as the commissioner deems appropriate.

1023 (f) (1) The commissioner shall determine whether the project in
1024 which the proposed investment is to be made is an eligible urban
1025 reinvestment project or an eligible industrial site investment project,
1026 whether the project is economically viable only with use of the urban
1027 and industrial site reinvestment program, the effects of the project on
1028 the municipality where the investment will be made, and whether the
1029 project would provide a net benefit to economic development and
1030 employment opportunities in the state and whether the project will
1031 conform to the state plan of conservation and development. The
1032 commissioner may require the applicant to submit such additional
1033 information as may be necessary to evaluate the application.

1034 (2) The commissioner shall prepare a revenue impact assessment
1035 that estimates the state and local revenue that would be generated as a
1036 result of the project. The commissioner shall prepare an economic

1037 feasibility study relative to such project. The commissioner may retain
1038 any such persons as the commissioner deems appropriate to conduct
1039 such revenue impact assessment or economic feasibility study.

1040 (g) (1) The commissioner, upon consideration of the application, the
1041 revenue impact assessment and any additional information that the
1042 commissioner requires concerning a proposed investment, may
1043 approve an investment if the commissioner concludes that the project
1044 in which such investment is to be made is an eligible urban
1045 reinvestment project or an eligible industrial site investment project. If
1046 the commissioner rejects an application, the commissioner shall
1047 specifically identify the defects in the application and specifically
1048 explain the reasons for the rejection. The commissioner shall render a
1049 decision on an application not later than ninety days from its receipt.
1050 The amount of the investment so approved shall not exceed the greater
1051 of: (A) The amount of state revenue that will be generated according to
1052 the revenue impact assessment prepared under this subsection; or (B)
1053 the total of state revenue and local revenue generated according to
1054 such assessment in the case of a manufacturing business with North
1055 American [Industrial] Industry Classification codes of 339999, 311211
1056 [through] to 312140, inclusive, 324191, 325193, 325199, 325221, 325311,
1057 325312, 325314, 325320, 325411, [and] 325412, 325413, 325414, 334510,
1058 334516, 334517, 339111, 339112, 339113, 339114, 339115, 339116, 541380,
1059 541710, 621511, 621512, 221111 to 221118, inclusive, 221330, 237110,
1060 237130, 314994, 333414, 333611, 334413, 335999, 562213, 926130, 334112,
1061 334614, 454113, 511210, 541511, 541512, 541513, 541519, 541712 and
1062 811212 that is relocating to a site in Connecticut from out-of-state,
1063 provided the relocation will result in new development of at least
1064 seven hundred twenty-five thousand square feet in a state-sponsored
1065 industrial park.

1066 (2) The approval of an investment by the commissioner may be
1067 combined with the exercise of any of the commissioner's other powers,
1068 including, but not limited to, the provision of other forms of financial
1069 assistance.

1070 (3) The commissioner shall require the applicant to reimburse the
1071 commissioner for all or any part of the cost of any revenue impact
1072 assessment, economic feasibility study or other activities performed in
1073 the exercise of due diligence pursuant to subsection (f) of this section.

1074 (4) There is established an account to be known as the "Connecticut
1075 economic impact and analysis account" which shall be a separate,
1076 nonlapsing account within the General Fund. The account shall
1077 contain any moneys required by law to be deposited in the account
1078 and shall be held separate and apart from other moneys, funds and
1079 accounts. There shall be deposited in the account any proceeds
1080 realized by the state from activities pursuant to this section.
1081 Investment earnings credited to the account shall become part of the
1082 assets of the account. Any balance remaining in the account at the end
1083 of any fiscal year shall be carried forward in the account for the next
1084 fiscal year. Amounts in the account may be used by the Department of
1085 Economic and Community Development to fund the cost of any
1086 activities of the department pursuant to this section, including
1087 administrative costs related to such activities.

1088 (h) Upon approving an investment, the commissioner shall issue a
1089 certificate of eligibility certifying that the applicant has complied with
1090 the provisions of this section.

1091 (i) (1) [There] Except as provided in this subdivision, there shall be
1092 allowed as a credit against the tax imposed under chapters 207 to 212a,
1093 inclusive, or section 38a-743, or a combination of said taxes, an amount
1094 equal to the following percentage of approved investments made by or
1095 on behalf of a taxpayer with respect to the following income years of
1096 the taxpayer: (A) With respect to the income year in which the
1097 investment in the eligible project was made and the two next
1098 succeeding income years, zero per cent; (B) with respect to the third
1099 full income year succeeding the year in which the investment in the
1100 eligible project was made and the three next succeeding income years,
1101 ten per cent; (C) with respect to the seventh full income year

1102 succeeding the year in which the investment in the eligible project was
1103 made and the next two succeeding years, twenty per cent. With respect
1104 to approved investments in bioscience, cybersecurity or clean
1105 technology, a credit shall be allowed equal to twenty per cent of
1106 approved investments made by or on behalf of a taxpayer in the
1107 income year in which the investment in the eligible project was made,
1108 and such twenty per cent credit shall be allowed for the next four
1109 succeeding income years. The sum of all tax credits granted pursuant
1110 to the provisions of this section shall not exceed one hundred million
1111 dollars with respect to a single eligible urban reinvestment project or a
1112 single eligible industrial site investment project approved by the
1113 commissioner. The sum of all tax credits granted pursuant to the
1114 provisions of this section shall not exceed eight hundred million
1115 dollars.

1116 (2) Notwithstanding the provisions of subdivision (1) of this
1117 subsection, any applicant may, at the time of application, apply to the
1118 commissioner for a credit that exceeds the limitations established by
1119 this subsection. The commissioner shall evaluate the benefits of such
1120 application and make recommendations to the General Assembly
1121 relating to [changes in] proposed amendments to the general statutes
1122 which would be necessary to effect such application if the
1123 commissioner determines that the proposal would be of economic
1124 benefit to the state.

1125 (j) The credits allowed by this section may be claimed by a taxpayer
1126 who has made an investment (1) directly only if such investment has a
1127 total asset value, either alone or in conjunction with other taxpayer
1128 investments in an eligible project, of not less than five million dollars
1129 or, in the case of an investment in an eligible project for the
1130 preservation of an historic facility and redevelopment of the facility for
1131 mixed uses that includes at least four housing units, a total asset value
1132 of not less than two million dollars; (2) through a fund managed by a
1133 fund manager registered under this section only if such fund: (A) Has
1134 a total asset value of not less than sixty million dollars for the income

1135 year for which the initial credit is taken; and (B) has not less than three
1136 investors who are not related persons with respect to each other or to
1137 any person in which any investment is made other than through the
1138 fund at the date the investment is made; or (3) through a community
1139 development entity or a contractually bound community development
1140 entity.

1141 (k) The commissioner shall, upon request, provide a copy of [the]
1142 any eligibility certificate issued under subsection (h) of this section to
1143 the Commissioner of Revenue Services.

1144 (l) The tax credit allowed by this section, when made through a
1145 fund, shall only be available for investments in funds that are not open
1146 to additional investments or investors beyond the amount subscribed
1147 at the formation of the fund.

1148 (m) (1) The Commissioner of Revenue Services may treat one or
1149 more corporations that are properly included in a combined
1150 corporation business tax return under section 12-223a as one taxpayer
1151 in determining whether the appropriate requirements under this
1152 section are met. [Where] Whenever corporations are treated as one
1153 taxpayer for purposes of this subsection, [then] the credit shall be
1154 allowed only against the amount of the combined tax for all
1155 corporations properly included in a combined return that, under the
1156 provisions of subdivision (2) of this subsection, is attributable to the
1157 corporations treated as one taxpayer.

1158 (2) The amount of the combined tax for all corporations properly
1159 included in a combined corporation business tax return that is
1160 attributable to the corporations that are treated as one taxpayer under
1161 the provisions of this subsection shall be in the same ratio to such
1162 combined tax that the net income apportioned to this state of each
1163 corporation treated as one taxpayer bears to the net income
1164 apportioned to this state, in the aggregate, of all corporations included
1165 in such combined return. Solely for the purposes of computing such

1166 ratio, any net loss apportioned to this state by a corporation treated as
1167 one taxpayer or by a corporation included in such combined return
1168 shall be disregarded.

1169 (n) Any taxpayer allowed a credit under this section may assign
1170 such credit to another taxpayer or taxpayers, provided such other
1171 taxpayer or taxpayers may claim such credit only with respect to a
1172 taxable year for which the assigning taxpayer would have been eligible
1173 to claim such credit and such other taxpayer or taxpayers may not
1174 further assign such credit. The taxpayer or taxpayers allowed such
1175 credit, the fund manager, the community development entity or
1176 contractually bound community development entity shall file with the
1177 Commissioner of Revenue Services information requested by the
1178 commissioner regarding such assignments, including, but not limited
1179 to, the current holders of credits as of the end of the preceding
1180 calendar year.

1181 (o) No taxpayer shall be eligible for a credit under (1) this section,
1182 and (2) section 12-217e or 38a-88a, for the same investment. No two
1183 taxpayers shall be eligible for any tax credit with respect to the same
1184 investment or the same project costs.

1185 (p) Any credit not used in the income year for which it was allowed
1186 may be carried forward for the five immediately succeeding income
1187 years until the full credit has been allowed.

1188 (q) (1) Any tax credits approved under this section that would
1189 constitute in excess of twenty million dollars in total for a single
1190 investment shall be submitted by the Commissioner of Economic and
1191 Community Development to the joint standing committee of the
1192 General Assembly having cognizance of matters relating to finance,
1193 revenue and bonding prior to the issuance of a certificate of eligibility
1194 for such investment. Said committee shall have thirty days from the
1195 date such project is submitted to convene a meeting to recommend
1196 approval or disapproval of such investment. If such submittal is

1197 withdrawn, altered, amended or otherwise changed, and resubmitted,
1198 said committee shall have thirty days from the date of such resubmittal
1199 to convene a meeting to recommend approval or disapproval of such
1200 investment. If said committee does not act on a submittal or
1201 resubmittal, as the case may be, within that time, the investment shall
1202 be deemed to be approved by said committee.

1203 (2) While the General Assembly is in session, the House of
1204 Representatives or the Senate, or both, may meet not later than thirty
1205 days following the date said committee makes a recommendation
1206 pursuant to subdivision (1) of this subsection. If such submission is not
1207 disapproved by the House of Representatives or the Senate, or both,
1208 within such time, the commissioner may issue such certificate.

1209 (3) [~~While~~] Whenever the General Assembly is not in regular
1210 session, the House of Representatives or the Senate, or both, may meet
1211 not later than thirty days following the date said committee makes a
1212 recommendation pursuant to subdivision (1) of this subsection or not
1213 later than thirty days following the date such investment is deemed
1214 approved by said committee pursuant to subdivision (1) of this
1215 subsection. If such submission is not disapproved by the House of
1216 Representatives, the Senate, or both, within such [time] thirty-day
1217 period, the commissioner may issue such certificate.

1218 (r) Not later than July first in each year that credits allowed by this
1219 section are claimed by a taxpayer with respect to an approved
1220 investment, the commissioner may retain such persons as said
1221 commissioner [may deem] deems appropriate to conduct a study to
1222 estimate the state revenue that is being and will be generated by the
1223 eligible project in which such investment is made. Such economic
1224 impact study shall determine whether the state revenue actually
1225 generated by such eligible project is equal to the estimate of state
1226 revenue made at the time the investment in such eligible project was
1227 approved. If the sum of all state revenue actually generated by such
1228 eligible project is less than the amount of the total sum of tax credits

1229 claimed with respect to the approved investment in such project on the
1230 date of such analysis, the commissioner may determine from the
1231 person retained pursuant to this subsection the applicable recapture
1232 amount and may revoke the certificate of eligibility issued under
1233 subsection (h) of this section. The commissioner may require the
1234 taxpayer, the fund manager, community development entity or
1235 contractually bound community development entity that made such
1236 approved investment to reimburse the commissioner for all or any part
1237 of the cost of any economic impact study performed under this
1238 subsection.

1239 (s) (1) Any taxpayer which has claimed credits allowed by this
1240 section related to an investment concerning which the commissioner
1241 has revoked the certificate of eligibility issued under subsection (h) of
1242 this section [] shall be required to recapture such taxpayer's pro rata
1243 share of the recapture amount as determined under the provisions of
1244 subdivision (2) of this subsection and no subsequent credit shall be
1245 allowed unless such certificate of eligibility is reinstated under the
1246 provisions of subdivision (3) of this subsection.

1247 (2) If the taxpayer is required under the provisions of subdivision
1248 (1) of this subsection to recapture its pro rata share of the recapture
1249 amount during (A) the first year such credit was claimed, then ninety
1250 per cent of such share shall be recaptured on the tax return required to
1251 be filed for such year, (B) the second of such years, then sixty-five per
1252 cent of such share shall be recaptured on the tax return required to be
1253 filed for such year, (C) the third of such years, then fifty per cent of
1254 such share shall be recaptured on the tax return required to be filed for
1255 such year, (D) the fourth of such years, then thirty per cent of such
1256 share shall be recaptured on the tax return required to be filed for such
1257 year, (E) the fifth of such years, then twenty per cent of such share
1258 shall be recaptured on the tax return required to be filed for such year,
1259 and (F) the sixth or subsequent of such years, then ten per cent of such
1260 share shall be recaptured on the tax return required to be filed for such
1261 year. The Commissioner of Revenue Services may recapture such share

1262 from the taxpayer who has claimed such credits. If the commissioner is
1263 unable to recapture all or part of such share from such taxpayer, the
1264 commissioner may seek to recapture such share from any taxpayer
1265 who has assigned credits in an amount at least equal to such share to
1266 another taxpayer. If the commissioner is unable to recapture all or part
1267 of such share from any such taxpayer, the commissioner may
1268 recapture such share from any fund through which the investment was
1269 made.

1270 (3) If the commissioner has revoked the certificate of eligibility
1271 issued under subsection (h) of this section, such certificate of eligibility
1272 shall be reinstated by the commissioner if, upon a request made by the
1273 taxpayer, fund manager or community development entity who made
1274 such approved investment, an economic impact study conducted
1275 pursuant to subsection (r) of this section [shall determine] indicates
1276 that the sum of all state revenue actually generated by the project in
1277 which such investment was made is greater than the amount of the
1278 total sum of tax credits claimed on the date of such analysis, provided
1279 no such request shall be made pursuant to this subsection during the
1280 calendar year in which such certificate was revoked. For the purpose of
1281 determining whether such certificate shall be reinstated, the
1282 commissioner shall, upon receipt of a request made under this
1283 subsection, obtain one such economic impact study per calendar year
1284 and may obtain additional such economic impact studies as the
1285 commissioner deems appropriate.

1286 (t) Notwithstanding subsections (r) and (s) of this section, for a
1287 contractually bound community development entity, credit recapture
1288 for credits allowed by this section shall be governed by the terms of its
1289 allocation agreement with the community development financial
1290 institutions fund or, where such agreement is silent, by Section 45D of
1291 the Internal Revenue Code and the regulations promulgated by the
1292 United States Treasury pursuant to said [section] Section 45D.

1293 Sec. 10. Section 32-7g of the general statutes is repealed and the

1294 following is substituted in lieu thereof (*Effective July 1, 2015*):

1295 (a) There is established within the Department of Economic and
1296 Community Development the Small Business Express program. Said
1297 program shall provide small businesses with various forms of financial
1298 assistance, using a streamlined application process to expedite the
1299 delivery of such assistance. The Commissioner of Economic and
1300 Community Development, at his or her discretion, may partner with
1301 the lenders in the Connecticut Credit Consortium, established
1302 pursuant to section 32-9yy, in order to fulfill the requirements of this
1303 section. A small business eligible for assistance through said program
1304 shall [, as of June 15, 2012,] (1) employ [, on at least fifty per cent of its
1305 working days during the preceding twelve months,] not more than one
1306 hundred employees, (2) have operations in Connecticut, [(3) have been
1307 registered to conduct business for not less than twelve months, and (4)]
1308 and (3) be in good standing with the payment of all state and local
1309 taxes and with all state agencies.

1310 (b) The Small Business Express program shall consist of various
1311 components, including (1) a revolving loan fund, as described in
1312 subsection (d) of this section, to support small business growth, (2) a
1313 job creation incentive component, as described in subsection (e) of this
1314 section, to support hiring, and (3) a matching grant component, as
1315 described in subsection (f) of this section, to provide capital to small
1316 businesses that can match the state grant amount. Said program shall
1317 also include a loan fund and a CT FAST Funds program, established in
1318 collaboration with private sector lenders doing business in
1319 Connecticut, as described in subsection (g) of this section. The
1320 Commissioner of Economic and Community Development shall work
1321 with eligible small business applicants to provide a package of
1322 assistance using the financial assistance provided by the Small
1323 Business Express program and may refer small business applicants to
1324 the Subsidized Training and Employment program established
1325 pursuant to section 31-3pp and any other appropriate state program.
1326 Notwithstanding the provisions of section 32-5a regarding relocation

1327 limits, the department may require, as a condition of receiving
1328 financial assistance pursuant to this section, that a small business
1329 receiving such assistance shall not relocate, as defined in [said] section
1330 32-5a, for five years after receiving such assistance or during the term
1331 of the loan, whichever is longer. All other conditions and penalties
1332 imposed pursuant to [said] section 32-5a shall continue to apply to
1333 such small business.

1334 (c) The commissioner shall establish a streamlined application
1335 process for the Small Business Express program. The small business
1336 applicant may receive assistance pursuant to said program not later
1337 than thirty days after submitting a completed application to the
1338 department. Any small business meeting the eligibility criteria in
1339 subsection (a) of this section may apply to said program. The
1340 commissioner shall give priority for available funding to small
1341 businesses creating jobs and may give priority for available funding to
1342 (1) economic base industries, as defined in subsection (d) of section 32-
1343 222, including, but not limited to, those in the fields of precision
1344 manufacturing, business services, green and sustainable technology,
1345 bioscience and information technology, and (2) businesses attempting
1346 to export their products or services to foreign markets.

1347 (d) (1) There is established as part of the Small Business Express
1348 program a revolving loan fund to provide loans to eligible small
1349 businesses. Such loans shall be used for acquisition or purchase of
1350 machinery and equipment, construction or leasehold improvements,
1351 relocation expenses, working capital or other business-related
1352 expenses, as authorized by the commissioner.

1353 (2) Loans from the revolving loan fund may be in amounts from
1354 [ten] one thousand dollars to a maximum of one hundred thousand
1355 dollars, shall carry a maximum repayment rate of four per cent and
1356 shall be for a term of not more than ten years. The department shall
1357 review and approve loan terms, conditions and collateral requirements
1358 in a manner that prioritizes job growth and retention.

1359 (3) Any eligible small business meeting the eligibility criteria in
1360 subsection (a) of this section may apply for assistance from the
1361 revolving loan fund, but the commissioner shall give priority to
1362 applicants that, as part of their business plan, are creating new jobs
1363 that will be maintained for not less than twelve consecutive months.

1364 (e) (1) There is established as part of the Small Business Express
1365 program a job creation incentive component to provide loans for job
1366 creation to small businesses meeting the eligibility criteria in
1367 subsection (a) of this section, with the option of loan forgiveness based
1368 on the maintenance of an increased number of jobs for not less than
1369 twelve consecutive months. Such loans may be used for training,
1370 marketing, working capital or other expenses, as approved by the
1371 commissioner, that support job creation.

1372 (2) Loans under the job creation incentive component may be in
1373 amounts from [ten] one thousand dollars to a maximum of three
1374 hundred thousand dollars, shall carry a maximum repayment rate of
1375 four per cent and shall be for a term of not more than ten years.
1376 Payments on such loans may be deferred, and all or part of such loan
1377 may be forgiven, based upon the commissioner's assessment of the
1378 small business's attainment of job creation goals. The department shall
1379 review and approve loan terms, conditions and collateral requirements
1380 in a manner that prioritizes job creation.

1381 (f) (1) There is established as part of the Small Business Express
1382 program a matching grant component to provide grants for capital to
1383 small businesses meeting the eligibility criteria in subsection (a) of this
1384 section. Such small businesses shall match any state funds awarded
1385 under this program. Grant funds may be used for ongoing or new
1386 training, working capital, acquisition or purchase of machinery and
1387 equipment, construction or leasehold improvements, relocation within
1388 the state or other business-related expenses authorized by the
1389 commissioner.

1390 (2) Matching grants provided under the matching grant component
1391 may be in amounts from [ten] one thousand dollars to a maximum of
1392 one hundred thousand dollars. The commissioner shall prioritize
1393 applicants for matching grants based upon the likelihood that such
1394 grants will assist applicants in maintaining job growth.

1395 (3) The commissioner may waive the matching requirement for
1396 grants under this subsection for working capital to small businesses
1397 located within distressed municipalities, as defined in section 32-9p.

1398 (g) (1) The commissioner shall allocate not less than ten per cent of
1399 available funding under the Small Business Express program to
1400 regional economic development agencies that will review applications
1401 for financial assistance pursuant to this section and award financial
1402 assistance packages pursuant to subsections (d), (e) and (f) of this
1403 section. The commissioner shall provide such regional economic
1404 development agencies with guidelines for the review of such
1405 applications and the award of financial assistance packages, which
1406 shall include a maximum ratio for administrative costs charged by
1407 such regional agencies to recipients of awards under this subsection.

1408 (2) Not later than April first, annually, each regional economic
1409 development agency that awards a financial assistance package
1410 pursuant to this subsection shall report to the commissioner available
1411 data as described in subsection (j) of this section. The commissioner
1412 shall incorporate such data into the report described in said subsection.

1413 (h) The commissioner, in collaboration with private sector lenders
1414 doing business in Connecticut, shall establish as part of the Small
1415 Business Express program:

1416 (1) A loan fund to provide small businesses in the state with access
1417 to capital. Such capital shall be used for acquisition or purchase of
1418 machinery and equipment, construction or leasehold improvements,
1419 relocation expenses, working capital or other business-related
1420 expenses, as authorized by the commissioner. Such loan fund shall be

1421 administered by the Department of Economic and Community
1422 Development. The commissioner may allocate not more than ten per
1423 cent of available funding under the Small Business Express program to
1424 such loan fund; and

1425 (2) A CT Financial Assistance for Start-Ups program, otherwise
1426 known as CT FAST Funds, to provide guarantees of not more than
1427 seventy per cent of the loan to such private sector lenders who provide
1428 financing to start-up businesses located in municipalities with a
1429 population greater than seventy thousand. Loans eligible for a
1430 guarantee under this subdivision (A) may be in amounts from ten
1431 thousand dollars to a maximum of fifty thousand dollars, (B) shall be
1432 for a term of not more than ten years, and (C) may be used for
1433 acquisition of machinery and equipment, construction or leasehold
1434 improvements, refinancing of existing debt, purchase of inventory,
1435 acquisition of real property and the remediation and redevelopment of
1436 Brownfields. The commissioner may provide a loan guarantee under
1437 this subdivision in addition to any other financial assistance awarded
1438 to the borrower pursuant to this section. The commissioner shall
1439 allocate five million dollars of available funding under the Small
1440 Business Express program to the CT FAST Funds program.

1441 (i) The commissioner, in consultation with community leaders, shall
1442 identify populations underserved by the Small Business Express
1443 program in municipalities that have a population of more than seventy
1444 thousand. Notwithstanding subsection (c) of this section, the
1445 commissioner may give priority for available funding to businesses
1446 owned by populations identified pursuant to this subsection. The
1447 commissioner shall include in the report described in subsection (j) of
1448 this section a summary of such identification efforts and any assistance
1449 granted to such businesses.

1450 [(g)] (j) Not later than June 30, 2012, and every six months thereafter,
1451 the commissioner shall provide a report, in accordance with the
1452 provisions of section 11-4a, to the joint standing committees of the

1453 General Assembly having cognizance of matters relating to finance,
1454 revenue and bonding, appropriations, commerce and labor. Such
1455 report shall include available data on (1) the number of small
1456 businesses that applied to the Small Business Express program, (2) the
1457 number of small businesses that received assistance under said
1458 program and the general categories of such businesses, (3) the amounts
1459 and types of assistance provided, (4) the total number of jobs on the
1460 date of application and the number proposed to be created or retained,
1461 and (5) the most recent employment figures of the small businesses
1462 receiving assistance. The contents of such report shall also be included
1463 in the department's annual report.

1464 Sec. 11. Section 32-9n of the general statutes is repealed and the
1465 following is substituted in lieu thereof (*Effective October 1, 2015*):

1466 (a) There is established within the Department of Economic and
1467 Community Development an Office of Small Business Affairs. Such
1468 office shall aid and encourage small business enterprises, particularly
1469 those owned and operated by minorities and other socially or
1470 economically disadvantaged individuals in Connecticut. As used in
1471 this section, "minority" means: (1) Black Americans, including all
1472 persons having origins in any of the Black African racial groups not of
1473 Hispanic origin; (2) Hispanic Americans, including all persons of
1474 Mexican, Puerto Rican, Cuban, Central or South American, or other
1475 Spanish culture or origin, regardless of race; (3) all persons having
1476 origins in the Iberian Peninsula, including Portugal, regardless of race;
1477 (4) women; (5) Asian Pacific Americans and Pacific islanders; or (6)
1478 American Indians and persons having origins in any of the original
1479 peoples of North America and maintaining identifiable tribal
1480 affiliations through membership and participation or community
1481 identification.

1482 (b) Said Office of Small Business Affairs shall: (1) Administer at least
1483 one regional office of the small business development center program
1484 within the Department of Economic and Community Development; (2)

1485 coordinate, with the director of the small business development center
1486 program, the flow of information within the technical and
1487 management assistance program within the Department of Economic
1488 and Community Development; (3) encourage Connecticut Innovations,
1489 Incorporated to grant loans to small businesses, particularly those
1490 owned and operated by minorities and other socially or economically
1491 disadvantaged individuals; (4) coordinate and serve as a liaison
1492 between all federal, state, regional and municipal agencies and
1493 programs affecting small business affairs; (5) administer any business
1494 management training program established under section 32-352 or
1495 section 32-355 as the Commissioner of Economic and Community
1496 Development may determine; (6) provide a single point of contact for
1497 small businesses seeking financial and technical assistance from the
1498 state and quasi-public agencies; (7) coordinate all state funded
1499 revolving loan funds used to assist small businesses; (8) provide
1500 procedural information to small businesses seeking to bid on contracts
1501 offered by state agencies and municipalities; and [(8)] (9) establish, in
1502 cooperation with the Commissioner of Economic and Community
1503 Development, and within available appropriations, an informational
1504 web page with a list and links to all small business resources available
1505 and post them in a conspicuous place on the department's web site.
1506 The office shall update this information on its web site on at least a
1507 quarterly basis.

1508 (c) On or after February 1, 2011, and annually thereafter, the Office
1509 of Small Business Affairs shall compile (1) a description of its efforts
1510 pursuant to subsection (b) of this section, including, but not limited to,
1511 data on the type and number of businesses seeking assistance from
1512 said office, and (2) a summary of [all small business activities and]
1513 programs available to small businesses, and incorporate such
1514 summary into the report required pursuant to section 32-1m.

1515 Sec. 12. (NEW) (*Effective October 1, 2015*) Prior to the adoption of any
1516 proposed regulation pertaining to activities for which the federal
1517 government has adopted standards or procedures, and whenever such

1518 proposed regulation deviates from such standards or procedures, an
1519 agency, as defined in section 4-166 of the general statutes, shall prepare
1520 a federal deviation analysis that shall: (1) Identify each provision of
1521 such proposed regulation that deviates from such standards or
1522 procedures, and (2) explain, in plain language, the reason for each such
1523 deviation. Such federal deviation analysis shall be: (A) Included in the
1524 regulation-making record required under section 4-168b of the general
1525 statutes, as amended by this act, (B) publicly available at the time of
1526 the notice concerning the regulation required under section 4-168 of
1527 the general statutes, as amended by this act, and (C) included in the
1528 submission of the regulation to the standing legislative regulation
1529 review committee pursuant to subsection (b) of section 4-170 of the
1530 general statutes, as amended by this act.

1531 Sec. 13. Subsection (a) of section 4-168 of the general statutes is
1532 repealed and the following is substituted in lieu thereof (*Effective*
1533 *October 1, 2015*):

1534 (a) Except as provided in subsections (g) and (h) of this section, an
1535 agency, not less than thirty days prior to adopting a proposed
1536 regulation, shall (1) post a notice of its intended action on the
1537 eRegulations System, which notice shall include (A) a specified public
1538 comment period of not less than thirty days, (B) a description
1539 sufficiently detailed so as to apprise persons likely to be affected of the
1540 issues and subjects involved in the proposed regulation, (C) a
1541 statement of the purposes for which the regulation is proposed, (D) a
1542 reference to the statutory authority for the proposed regulation, (E)
1543 when, where and how interested persons may obtain a copy of the
1544 small business impact and regulatory flexibility analysis required
1545 pursuant to section 4-168a and a copy of the federal deviation analysis
1546 required pursuant to section 12 of this act, if applicable, and (F) when,
1547 where and how interested persons may present their views on the
1548 proposed regulation; (2) post a copy of the proposed regulation on the
1549 eRegulations System; (3) give notice electronically to each joint
1550 standing committee of the General Assembly having cognizance of the

1551 subject matter of the proposed regulation; (4) give notice electronically
1552 or provide a paper copy notice, if requested, to all persons who have
1553 made requests to the agency for advance notice of its regulation-
1554 making proceedings; (5) provide a paper copy or electronic version of
1555 the proposed regulation to persons requesting it; and (6) prepare a
1556 fiscal note, including an estimate of the cost or of the revenue impact
1557 (A) on the state or any municipality of the state, and (B) on small
1558 businesses in the state, including an estimate of the number of small
1559 businesses subject to the proposed regulation and the projected costs,
1560 including but not limited to, reporting, recordkeeping and
1561 administrative, associated with compliance with the proposed
1562 regulation and, if applicable, the regulatory flexibility analysis
1563 prepared under section 4-168a. The governing body of any
1564 municipality, if requested, shall provide the agency, within twenty
1565 working days, with any information that may be necessary for analysis
1566 in preparation of such fiscal note.

1567 Sec. 14. Subsection (b) of section 4-168b of the general statutes is
1568 repealed and the following is substituted in lieu thereof (*Effective*
1569 *October 1, 2015*):

1570 (b) The regulation-making record shall contain at least: (1) The
1571 agency's notice of intent to adopt regulations; (2) any written analysis
1572 prepared for the proceeding upon which the regulation is based,
1573 including the regulatory flexibility analysis required pursuant to
1574 section 4-168a and the federal deviation analysis required pursuant to
1575 section 12 of this act, if applicable; (3) all comments submitted on the
1576 proposed regulation; (4) the official transcript, if any, of proceedings
1577 upon which the regulation is based or, if not transcribed, any audio
1578 recording or stenographic record of such proceedings, and any
1579 memoranda prepared by any member or employee of the agency
1580 summarizing the contents of the proceedings; (5) all official documents
1581 relating to the regulation, including the regulation submitted to the
1582 office of the Secretary of the State in accordance with section 4-172, a
1583 statement of the principal considerations in opposition to the agency's

1584 action, and the agency's reasons for rejecting such considerations, as
1585 required pursuant to section 4-168, as amended by this act, and the
1586 fiscal note prepared pursuant to subsection (a) of section 4-168, as
1587 amended by this act, and section 4-170, as amended by this act; (6) any
1588 petition for the regulation filed pursuant to section 4-174; and (7) all
1589 comments or communications between the agency and the legislative
1590 regulation review committee. No audio recording of a hearing held
1591 pursuant to section 4-168, as amended by this act, shall be posted on
1592 the eRegulations System unless the Secretary of the State confirms that
1593 such posting will not constitute a violation of any state or federal law
1594 regarding accessibility for persons with disabilities. Any audio
1595 recording of a hearing held pursuant to section 4-168, as amended by
1596 this act, that is not posted on the eRegulations System shall be
1597 maintained by the agency and made available to the public upon
1598 request. If an agency determines that any part of the regulation-
1599 making record is impractical to display or is inappropriate for public
1600 display on the eRegulations System, the agency shall describe the part
1601 omitted in a statement posted on the eRegulations System and shall
1602 maintain a copy of the omitted material readily available for public
1603 inspection at the principal office of the agency.

1604 Sec. 15. Subsection (b) of section 4-170 of the general statutes is
1605 repealed and the following is substituted in lieu thereof (*Effective*
1606 *October 1, 2015*):

1607 (b) (1) No adoption, amendment or repeal of any regulation, except
1608 a regulation issued pursuant to subsection (g) of section 4-168, shall be
1609 effective until (A) an electronic copy of (i) the proposed regulation
1610 approved by the Attorney General, as provided in section 4-169, [and
1611 an electronic copy of] (ii) the regulatory flexibility analysis, as
1612 provided in section 4-168a, and (iii) the federal deviation analysis, as
1613 provided in section 12 of this act, if applicable, are submitted to the
1614 standing legislative regulation review committee in a manner
1615 designated by the committee, by the agency proposing the regulation,
1616 (B) the regulation is approved by the committee, at a regular meeting

1617 or a special meeting called for the purpose, and (C) a certified
1618 electronic copy of the regulation is submitted to the office of the
1619 Secretary of the State by the agency, as provided in section 4-172, and
1620 the regulation is posted on the eRegulations System by the Secretary.
1621 (2) The date of submission for purposes of subsection (c) of this section
1622 shall be the first Tuesday of each month. Any regulation received by
1623 the committee on or before the first Tuesday of a month shall be
1624 deemed to have been submitted on the first Tuesday of that month.
1625 Any regulation submitted after the first Tuesday of a month shall be
1626 deemed to be submitted on the first Tuesday of the next succeeding
1627 month. (3) The form of proposed regulations which are submitted to
1628 the committee shall be as follows: New language added to an existing
1629 regulation shall be underlined; language to be deleted shall be
1630 enclosed in brackets and a new regulation or new section of a
1631 regulation shall be preceded by the word "(NEW)" in capital letters.
1632 Each proposed regulation shall have a statement of its purpose
1633 following the final section of the regulation. (4) The committee may
1634 permit any proposed regulation, including, but not limited to, a
1635 proposed regulation which by reference incorporates in whole or in
1636 part, any other code, rule, regulation, standard or specification, to be
1637 submitted in summary form together with a statement of purpose for
1638 the proposed regulation. On and after October 1, 1994, if the committee
1639 finds that a federal statute requires, as a condition of the state
1640 exercising regulatory authority, that a Connecticut regulation at all
1641 times must be identical to a federal statute or regulation, then the
1642 committee may approve a Connecticut regulation that by reference
1643 specifically incorporates future amendments to such federal statute or
1644 regulation provided the agency that proposed the Connecticut
1645 regulation shall submit for approval amendments to such Connecticut
1646 regulations to the committee not later than thirty days after the
1647 effective date of such amendment, and provided further the committee
1648 may hold a public hearing on such Connecticut amendments. (5) The
1649 agency shall also provide the committee with a copy of the fiscal note
1650 prepared pursuant to subsection (a) of section 4-168, as amended by

1651 this act. At the time of submission to the committee, the agency shall
1652 submit an electronic copy of the proposed regulation and the fiscal
1653 note to (A) the Office of Fiscal Analysis which, not later than seven
1654 days after receipt, shall submit an analysis of the fiscal note to the
1655 committee; and (B) each joint standing committee of the General
1656 Assembly having cognizance of the subject matter of the proposed
1657 regulation. No regulation shall be found invalid due to the failure of an
1658 agency to submit an electronic copy of the proposed regulation and the
1659 fiscal note to each committee of cognizance, provided such regulation
1660 and fiscal note have been electronically submitted to one such
1661 committee.

1662 Sec. 16. Section 32-9t of the general statutes is repealed and the
1663 following is substituted in lieu thereof (*Effective July 1, 2015, and*
1664 *applicable to income years commencing on or after January 1, 2015*):

1665 (a) As used in this section:

1666 (1) "Commissioner" means the Commissioner of Economic and
1667 Community Development.

1668 (2) "Eligible industrial site investment project" means a project
1669 located within this state for the development or redevelopment of real
1670 property: (A) (i) That has been subject to a "spill", as defined in section
1671 22a-452c, (ii) is an "establishment", as defined in subdivision (3) of
1672 section 22a-134, or (iii) is a "facility", as defined in 42 USC 9601(9); (B)
1673 that, if remediated, renovated or demolished in accordance with
1674 applicable law and regulations and the standards of remediation of the
1675 Department of Energy and Environmental Protection and used for
1676 business purposes, will add significant new economic activity and
1677 employment in the municipality in which the investment is to be
1678 made, and will generate additional tax revenues to the state; (C) for
1679 which the use of the urban and industrial site reinvestment program
1680 will be necessary to attract private investment to the project; (D) the
1681 business use of which would be economically viable and would

1682 generate direct and indirect economic benefits to the state that exceed
1683 the amount of the investment during the period for which the tax
1684 credits granted pursuant to public act 00-170 are granted; and (E) that
1685 is, in the judgment of the commissioner, consistent with the strategic
1686 economic development priorities of the state and the municipality.

1687 (3) "Eligible urban reinvestment project" means a project: (A) That
1688 would add significant new economic activity in the eligible
1689 municipality in which the project is located, and will generate
1690 significant additional tax revenues to the state or the municipality; (B)
1691 for which the use of the urban and industrial site reinvestment
1692 program will be necessary to attract private investment to an eligible
1693 municipality; (C) that is economically viable; (D) for which the direct
1694 and indirect economic benefits to the state outweigh the costs of the
1695 project; and (E) that is, in the judgment of the commissioner, consistent
1696 with the strategic economic development priorities of the state and the
1697 municipality.

1698 (4) "Related person" means: (A) A corporation, limited liability
1699 company, partnership, association or trust controlled by the taxpayer;
1700 (B) an individual, corporation, limited liability company, partnership,
1701 association or trust that is in control of the taxpayer; (C) a corporation,
1702 limited liability company, partnership, association or trust controlled
1703 by an individual, corporation, limited liability company, partnership,
1704 association or trust that is in control of the taxpayer; or (D) a member
1705 of the same controlled group as the taxpayer. For purposes of this
1706 section, "control", with respect to a corporation, means ownership,
1707 directly or indirectly, of stock possessing fifty per cent or more of the
1708 total combined voting power of all classes of the stock of such
1709 corporation entitled to vote. "Control", with respect to a trust, means
1710 ownership, directly or indirectly, of fifty per cent or more of the
1711 beneficial interest in the principal or income of such trust. The
1712 ownership of stock in a corporation, of a capital or profits interest in a
1713 partnership or association or of a beneficial interest in a trust shall be
1714 determined in accordance with the rules for constructive ownership of

1715 stock provided in Section 267(c) of the Internal Revenue Code, other
1716 than paragraph (3) of said section.

1717 (5) "Investment" means all amounts invested in an eligible project by
1718 or on behalf of a taxpayer, whether directly, through a fund, or
1719 through a community development entity or a contractually bound
1720 community development entity including, but not limited to, (A)
1721 equity investments made by the taxpayer, and (B) loans.

1722 (6) "Income year" means with respect to entities subject to taxation
1723 under chapters 207 to 212a, the income year as determined under each
1724 of said chapters, as the case may be.

1725 (7) "Taxpayer" means any person, as defined in section 12-1,
1726 whether or not subject to any taxes levied by this state.

1727 (8) "Fund manager" means a fund manager registered in accordance
1728 with subsection (d) of this section.

1729 (9) "New job" means a job that did not exist in the business of a
1730 subject business in this state prior to the subject business' application
1731 to the commissioner for an eligibility certificate under this section for a
1732 new facility and that is filled by a new employee, but does not mean a
1733 job created when an employee is shifted from an existing location of
1734 the subject business in this state to a new facility.

1735 (10) "New employee" means a person hired by a subject business to
1736 fill a position for a new job or a person shifted from an existing
1737 location of the subject business outside this state to a new facility in
1738 this state, provided (A) in no case shall the total number of new
1739 employees allowed for purposes of this credit exceed the total increase
1740 in the taxpayer's employment in this state, which increase shall be the
1741 difference between (i) the number of employees employed by the
1742 subject business in this state at the time of application for an eligibility
1743 certificate to the commissioner plus the number of new employees
1744 who would be eligible for inclusion under the credit allowed under

1745 this section without regard to this calculation, and (ii) the highest
1746 number of employees employed by the subject business in this state in
1747 the year preceding the subject business' application for an eligibility
1748 certificate to the commissioner, and (B) a person shall be deemed to be
1749 a "new employee" only if such person's duties in connection with the
1750 operation of the facility are on a regular, full-time, or equivalent
1751 thereof, and permanent basis.

1752 (11) "New facility" means a facility which (A) is acquired by, leased
1753 to, or constructed by, a subject business on or after the date of the
1754 subject business' application to the commissioner for an eligibility
1755 certificate under this section, unless, upon application of the subject
1756 business and upon good and sufficient cause shown, the commissioner
1757 waives the requirement that such activity take place after the
1758 application, and (B) was not in service or use during the one-year
1759 period immediately prior to the date of the subject business'
1760 application to the commissioner for an eligibility certificate under this
1761 section, unless upon application of the subject business and upon good
1762 and sufficient cause shown, the commissioner consents to waiving the
1763 one-year period.

1764 (12) "Eligible municipality" means (A) a municipality with an area
1765 designated as an enterprise zone pursuant to section 32-70, (B) a
1766 distressed municipality, as defined in subsection (b) of section 32-9p,
1767 (C) a municipality that has a population in excess of one hundred
1768 thousand, or (D) any municipality that the commissioner determines is
1769 connected with the relocation of an out-of-state operation or the
1770 expansion of an existing facility that will result in a capital investment
1771 by a company of not less than fifty million dollars, except that, for an
1772 eligible CT EDGE project, "eligible municipality" means a municipality
1773 with an area designated as an enterprise zone pursuant to section 32-
1774 70.

1775 (13) "Eligible project" means an eligible urban reinvestment project,
1776 an eligible CT EDGE project or an eligible industrial site investment

1777 project, or [both] any combination thereof.

1778 (14) "Approved investment" means an investment approved by the
1779 commissioner under subsection (g) of this section.

1780 (15) "Recapture amount" means the amount by which the total of tax
1781 credits claimed with respect to any approved investment as of the date
1782 of calculation exceeds the sum of all state revenue actually generated
1783 through such date by the eligible project in which such approved
1784 investment was made.

1785 (16) "Pro rata share" means the percentage the amount of the
1786 approved investment by an individual investor in an eligible project
1787 bears to the total amount of the approved investment in such project,
1788 or in the case of a taxpayer to whom credits are transferred under this
1789 section, the percentage the amount of credits with respect to an
1790 approved investment transferred bears to the total credits with respect
1791 to such approved investment.

1792 (17) "Community development entity" means any corporation,
1793 limited partnership or limited liability company qualified to do
1794 business in this state and which (A) is organized for the purpose of
1795 providing investment capital or financing for eligible projects under
1796 this section, (B) maintains accountability to residents of more than one
1797 eligible municipality through representation on the governing board of
1798 the entity, (C) is organized for the purpose of seeking certification and
1799 an allocation of new markets tax credits as provided in Section 45D of
1800 the Internal Revenue Code, and (D) is registered in accordance with
1801 subsection (d) of this section. No community development entity shall
1802 be eligible for any tax credits under this section unless it is certified
1803 under said Section 45D on the date any approved investment is made.
1804 A community development entity shall not be deemed a "fund" for
1805 purposes of this section.

1806 (18) "Project" means the acquisition, leasing, demolition,
1807 remediation, construction, renovation, expansion or other

1808 development or redevelopment of real property and improvements
1809 within this state, including furniture, fixtures, equipment and other
1810 personal property which is reasonably necessary in connection
1811 therewith, and associated interest and other financing costs and
1812 charges, relocation and start-up costs, and architectural, engineering,
1813 legal and other professional services, plans, specifications, surveys,
1814 permits, studies and evaluations necessary or incident to the
1815 development, financing, completion and placing in operation of such a
1816 project. In the case of a contractually bound community development
1817 entity, "project" shall not include any activities, costs or services not
1818 included in the terms of the allocation agreement with the community
1819 development financial institutions fund under Section 45D of the
1820 Internal Revenue Code.

1821 (19) "Contractually bound community development entity" means a
1822 community development entity that (A) has entered into an allocation
1823 agreement with the community development financial institutions
1824 fund pursuant to Section 45D of the Internal Revenue Code, and (B)
1825 whose service area in such allocation agreement includes the state of
1826 Connecticut.

1827 (20) "Internal Revenue Code" means the Internal Revenue Code of
1828 1986, or any subsequent corresponding internal revenue code of the
1829 United States, as amended from time to time.

1830 (21) "Eligible CT Economic Development for a Growing Economy
1831 project" or "eligible CT EDGE project" means a project: (A) That would
1832 add significant new economic activity in the eligible municipality in
1833 which the project is located and will generate significant additional tax
1834 revenues to the state or the municipality; (B) for which the use of the
1835 urban and industrial site reinvestment program will be necessary to
1836 attract private investment to an eligible municipality; (C) that is
1837 economically viable; (D) for which the direct and indirect economic
1838 benefits to the state outweigh the costs of the project; (E) that is, in the
1839 judgment of the commissioner, consistent with the strategic economic

1840 development priorities of the state and the municipality; and (F) that
1841 involves the redevelopment of a vacant building with a square footage
1842 greater than (i) ten thousand square feet to be used for affordable
1843 housing, as defined in section 8-39a, (ii) fifty thousand square feet to be
1844 used for commercial or industrial space, or (iii) thirty-five thousand
1845 square feet to be for mixed use.

1846 (b) There is established an urban and industrial site reinvestment
1847 program under which taxpayers who make investments in eligible
1848 urban reinvestment projects, eligible CT EDGE projects or eligible
1849 industrial site investment projects may be allowed a credit against the
1850 tax imposed under chapters 207 to 212a, inclusive, or section 38a-743,
1851 or a combination of said taxes, in an amount equal to the percentage of
1852 their approved investment determined in accordance with subsection
1853 (i) of this section.

1854 (c) No project shall be deemed an eligible project unless such project
1855 shall, in the judgment of the commissioner, be of sufficient size, by
1856 itself or in conjunction with related new investments, to generate a
1857 substantial return to the state economy.

1858 (d) (1) The commissioner may register managers of funds and
1859 community development entities created for the purpose of investing
1860 in eligible urban reinvestment projects, eligible CT EDGE projects and
1861 eligible industrial site investment projects. Any manager, community
1862 development entity or contractually bound community development
1863 entity registered under this subsection shall have its primary place of
1864 business in this state. Each applicant shall submit an application under
1865 oath to the commissioner to be registered and shall furnish evidence
1866 satisfactory to the commissioner of its financial responsibility,
1867 integrity, professional competence and experience in managing
1868 investment funds. Failure to maintain adequate fiduciary standards
1869 with respect to investments made under this section shall constitute
1870 cause for the commissioner to revoke, after hearing, any registration
1871 granted under this section or section 38a-88a. The fund manager,

1872 community development entity or contractually bound community
1873 development entity shall make a report on or before the first day of
1874 March in each year, under oath, to the Commissioner of Economic and
1875 Community Development and the Commissioner of Revenue Services
1876 specifying the name, address and Social Security number or employer
1877 identification number of each investor, the year during which each
1878 investment was made by each investor, the amount of each
1879 investment, a description of the fund's investment objectives and
1880 relative performance, or the entity's projects, as the case may be, and a
1881 description, including amounts, of all fees received by such manager
1882 or entity in relation to each such fund.

1883 (2) Any manager of funds registered on or before July 1, 2000,
1884 pursuant to section 38a-88a shall be deemed registered as a fund
1885 manager for all purposes under the provisions of this section upon
1886 submission, in writing, to the commissioner of such manager's
1887 intention to act as a manager of funds under this section. The
1888 commissioner may request from any such manager such information
1889 as the commissioner may require relating to such manager's financial
1890 responsibility, integrity, professional competence and experience in
1891 managing investment funds.

1892 (e) Any taxpayer or fund manager, community development entity
1893 or contractually bound community development entity wishing to
1894 make an investment under the provisions of this section shall apply to
1895 the commissioner in accordance with the provisions of this section. The
1896 application shall contain sufficient information to establish that the
1897 project in which the proposed investment will be made is an eligible
1898 industrial site investment project, an eligible CT EDGE project or an
1899 urban reinvestment project, as appropriate, and information
1900 concerning the type of investment proposed to be made, the location of
1901 the project, the number of jobs to be created or retained, physical
1902 infrastructure that might be created or preserved, feasibility studies or
1903 business plans for the project, projected state and local revenue that
1904 might derive as a result of the project and other information necessary

1905 to demonstrate the financial viability of the project and to demonstrate
1906 that the investment will provide net benefits to the economy of, and
1907 employment for citizens of, the municipality and the state, and in the
1908 case of an eligible industrial site investment project, how such project
1909 will meet the standards of remediation of the Department of Energy
1910 and Environmental Protection. The commissioner shall impose a fee
1911 for such application as the commissioner deems appropriate.

1912 (f) (1) The commissioner shall determine whether the project in
1913 which the proposed investment is to be made is an eligible urban
1914 reinvestment project, an eligible CT EDGE project or an eligible
1915 industrial site investment project, whether the project is economically
1916 viable only with use of the urban and industrial site reinvestment
1917 program, the effects of the project on the municipality where the
1918 investment will be made, and whether the project would provide a net
1919 benefit to economic development and employment opportunities in
1920 the state and whether the project will conform to the state plan of
1921 conservation and development. The commissioner may require the
1922 applicant to submit such additional information as may be necessary
1923 to evaluate the application.

1924 (2) The commissioner shall prepare a revenue impact assessment
1925 that estimates the state and local revenue that would be generated as a
1926 result of the project. The commissioner shall prepare an economic
1927 feasibility study relative to such project. The commissioner may retain
1928 any such persons as the commissioner deems appropriate to conduct
1929 such revenue impact assessment or economic feasibility study.

1930 (g) (1) The commissioner, upon consideration of the application, the
1931 revenue impact assessment and any additional information that the
1932 commissioner requires concerning a proposed investment, may
1933 approve an investment if the commissioner concludes that the project
1934 in which such investment is to be made is an eligible urban
1935 reinvestment project, an eligible CT EDGE project or an eligible
1936 industrial site investment project. If the commissioner rejects an

1937 application, the commissioner shall specifically identify the defects in
1938 the application and specifically explain the reasons for the rejection.
1939 The commissioner shall render a decision on an application not later
1940 than ninety days from its receipt. The amount of the investment so
1941 approved shall not exceed the greater of: (A) The amount of state
1942 revenue that will be generated according to the revenue impact
1943 assessment prepared under this subsection; or (B) the total of state
1944 revenue and local revenue generated according to such assessment in
1945 the case of a manufacturing business with North American Industrial
1946 Classification codes of 339999, 311211 through 312140, 324191 and
1947 325412 that is relocating to a site in Connecticut from out-of-state,
1948 provided the relocation will result in new development of at least
1949 seven hundred twenty-five thousand square feet in a state-sponsored
1950 industrial park.

1951 (2) The approval of an investment by the commissioner may be
1952 combined with the exercise of any of the commissioner's other powers,
1953 including, but not limited to, the provision of other forms of financial
1954 assistance.

1955 (3) The commissioner shall require the applicant to reimburse the
1956 commissioner for all or any part of the cost of any revenue impact
1957 assessment, economic feasibility study or other activities performed in
1958 the exercise of due diligence pursuant to subsection (f) of this section.

1959 (4) There is established an account to be known as the "Connecticut
1960 economic impact and analysis account" which shall be a separate,
1961 nonlapsing account within the General Fund. The account shall
1962 contain any moneys required by law to be deposited in the account
1963 and shall be held separate and apart from other moneys, funds and
1964 accounts. There shall be deposited in the account any proceeds
1965 realized by the state from activities pursuant to this section.
1966 Investment earnings credited to the account shall become part of the
1967 assets of the account. Any balance remaining in the account at the end
1968 of any fiscal year shall be carried forward in the account for the next

1969 fiscal year. Amounts in the account may be used by the Department of
1970 Economic and Community Development to fund the cost of any
1971 activities of the department pursuant to this section, including
1972 administrative costs related to such activities.

1973 (h) Upon approving an investment, the commissioner shall issue a
1974 certificate of eligibility certifying that the applicant has complied with
1975 the provisions of this section.

1976 (i) (1) [There] For eligible urban reinvestment projects and eligible
1977 industrial site investment projects, there shall be allowed as a credit
1978 against the tax imposed under chapters 207 to 212a, inclusive, or
1979 section 38a-743, or a combination of said taxes, an amount equal to the
1980 following percentage of approved investments made by or on behalf of
1981 a taxpayer with respect to the following income years of the taxpayer:
1982 (A) With respect to the income year in which the investment in the
1983 eligible project was made and the two next succeeding income years,
1984 zero per cent; (B) with respect to the third full income year succeeding
1985 the year in which the investment in the eligible project was made and
1986 the three next succeeding income years, ten per cent; (C) with respect
1987 to the seventh full income year succeeding the year in which the
1988 investment in the eligible project was made and the next two
1989 succeeding years, twenty per cent. [The sum of all tax credits granted
1990 pursuant to the provisions of this section shall not exceed one hundred
1991 million dollars with respect to a single eligible urban reinvestment
1992 project or a single eligible industrial site investment project approved
1993 by the commissioner. The sum of all tax credits granted pursuant to
1994 the provisions of this section shall not exceed eight hundred million
1995 dollars.]

1996 (2) For eligible CT EDGE projects, there shall be allowed as a credit
1997 against the tax imposed under chapters 207 to 212a, inclusive, or
1998 section 38a-743, or a combination of said taxes, an amount equal to the
1999 following percentage of approved investments made by or on behalf of
2000 a taxpayer with respect to the following income years of the taxpayer:

2001 (A) For projects involving the redevelopment of a vacant building to
2002 be used for affordable housing, (i) with respect to the income year in
2003 which the investment in the eligible project was made and the three
2004 next succeeding income years, five per cent; (ii) with respect to the
2005 fourth full income year succeeding the year in which the investment in
2006 the eligible project was made, four per cent; and (iii) with respect to the
2007 fifth full income year succeeding the year in which the investment in
2008 the eligible project was made and the next succeeding year, three per
2009 cent;

2010 (B) For projects involving the redevelopment of a vacant building to
2011 be used for commercial and industrial space, with respect to the
2012 income year in which the investment in the eligible project was made
2013 and the four next succeeding income years, five per cent; and

2014 (C) For projects involving the redevelopment of a vacant building to
2015 be for mixed use, (i) with respect to the income year in which the
2016 investment in the eligible project was made and the five next
2017 succeeding income years, five per cent; and (ii) with respect to the sixth
2018 full income year succeeding the year in which the investment in the
2019 eligible project was made, four per cent.

2020 (3) The sum of all tax credits granted pursuant to the provisions of
2021 this section shall not exceed one hundred million dollars with respect
2022 to a single eligible urban reinvestment project, a single eligible CT
2023 EDGE project or a single eligible industrial site investment project
2024 approved by the commissioner. The sum of all tax credits granted
2025 pursuant to the provisions of this section shall not exceed eight
2026 hundred million dollars.

2027 [(2)] (4) Notwithstanding the provisions of [subdivision (1)]
2028 subdivisions (1) to (3), inclusive, of this subsection, any applicant may,
2029 at the time of application, apply to the commissioner for a credit that
2030 exceeds the limitations established by this subsection. The
2031 commissioner shall evaluate the benefits of such application and make

2032 recommendations to the General Assembly relating to changes in the
2033 general statutes which would be necessary to effect such application if
2034 the commissioner determines that the proposal would be of economic
2035 benefit to the state.

2036 (j) The credits allowed by this section may be claimed by a taxpayer
2037 who has made an investment (1) directly only if such investment has a
2038 total asset value, either alone or in conjunction with other taxpayer
2039 investments in an eligible project, of not less than five million dollars
2040 or, in the case of an investment in an eligible project for the
2041 preservation of an historic facility and redevelopment of the facility for
2042 mixed uses that includes at least four housing units, a total asset value
2043 of not less than two million dollars; (2) through a fund managed by a
2044 fund manager registered under this section only if such fund: (A) Has
2045 a total asset value of not less than sixty million dollars for the income
2046 year for which the initial credit is taken; and (B) has not less than three
2047 investors who are not related persons with respect to each other or to
2048 any person in which any investment is made other than through the
2049 fund at the date the investment is made; or (3) through a community
2050 development entity or a contractually bound community development
2051 entity.

2052 (k) The commissioner shall, upon request, provide a copy of the
2053 eligibility certificate issued under subsection (h) of this section to the
2054 Commissioner of Revenue Services.

2055 (l) The tax credit allowed by this section, when made through a
2056 fund, shall only be available for investments in funds that are not open
2057 to additional investments or investors beyond the amount subscribed
2058 at the formation of the fund.

2059 (m) (1) The Commissioner of Revenue Services may treat one or
2060 more corporations that are properly included in a combined
2061 corporation business tax return under section 12-223a as one taxpayer
2062 in determining whether the appropriate requirements under this

2063 section are met. Where corporations are treated as one taxpayer for
2064 purposes of this subsection, then the credit shall be allowed only
2065 against the amount of the combined tax for all corporations properly
2066 included in a combined return that, under the provisions of
2067 subdivision (2) of this subsection, is attributable to the corporations
2068 treated as one taxpayer.

2069 (2) The amount of the combined tax for all corporations properly
2070 included in a combined corporation business tax return that is
2071 attributable to the corporations that are treated as one taxpayer under
2072 the provisions of this subsection shall be in the same ratio to such
2073 combined tax that the net income apportioned to this state of each
2074 corporation treated as one taxpayer bears to the net income
2075 apportioned to this state, in the aggregate, of all corporations included
2076 in such combined return. Solely for the purposes of computing such
2077 ratio, any net loss apportioned to this state by a corporation treated as
2078 one taxpayer or by a corporation included in such combined return
2079 shall be disregarded.

2080 (n) Any taxpayer allowed a credit under this section may assign
2081 such credit to another taxpayer or taxpayers, provided such other
2082 taxpayer or taxpayers may claim such credit only with respect to a
2083 taxable year for which the assigning taxpayer would have been eligible
2084 to claim such credit and such other taxpayer or taxpayers may not
2085 further assign such credit. The taxpayer or taxpayers allowed such
2086 credit, the fund manager, the community development entity or
2087 contractually bound community development entity shall file with the
2088 Commissioner of Revenue Services information requested by the
2089 commissioner regarding such assignments, including, but not limited
2090 to, the current holders of credits as of the end of the preceding
2091 calendar year.

2092 (o) No taxpayer shall be eligible for a credit under (1) this section,
2093 and (2) section 12-217e or 38a-88a, for the same investment. No two
2094 taxpayers shall be eligible for any tax credit with respect to the same

2095 investment or the same project costs.

2096 (p) Any credit not used in the income year for which it was allowed
2097 may be carried forward for the five immediately succeeding income
2098 years until the full credit has been allowed.

2099 (q) (1) Any tax credits approved under this section that would
2100 constitute in excess of twenty million dollars in total for a single
2101 investment shall be submitted by the Commissioner of Economic and
2102 Community Development to the joint standing committee of the
2103 General Assembly having cognizance of matters relating to finance,
2104 revenue and bonding prior to the issuance of a certificate of eligibility
2105 for such investment. Said committee shall have thirty days from the
2106 date such project is submitted to convene a meeting to recommend
2107 approval or disapproval of such investment. If such submittal is
2108 withdrawn, altered, amended or otherwise changed, and resubmitted,
2109 said committee shall have thirty days from the date of such resubmittal
2110 to convene a meeting to recommend approval or disapproval of such
2111 investment. If said committee does not act on a submittal or
2112 resubmittal, as the case may be, within that time, the investment shall
2113 be deemed to be approved by said committee.

2114 (2) While the General Assembly is in session, the House of
2115 Representatives or the Senate, or both, may meet not later than thirty
2116 days following the date said committee makes a recommendation
2117 pursuant to subdivision (1) of this subsection. If such submission is not
2118 disapproved by the House of Representatives or the Senate, or both,
2119 within such time, the commissioner may issue such certificate.

2120 (3) While the General Assembly is not in regular session, the House
2121 of Representatives or the Senate, or both, may meet not later than
2122 thirty days following the date said committee makes a
2123 recommendation pursuant to subdivision (1) of this subsection. If such
2124 submission is not disapproved by the House of Representatives, the
2125 Senate, or both, within such time, the commissioner may issue such

2126 certificate.

2127 (r) Not later than July first in each year that credits allowed by this
2128 section are claimed by a taxpayer with respect to an approved
2129 investment, the commissioner may retain such persons as said
2130 commissioner may deem appropriate to conduct a study to estimate
2131 the state revenue that is being and will be generated by the eligible
2132 project in which such investment is made. Such economic impact study
2133 shall determine whether the state revenue actually generated by such
2134 eligible project is equal to the estimate of state revenue made at the
2135 time the investment in such eligible project was approved. If the sum
2136 of all state revenue actually generated by such eligible project is less
2137 than the amount of the total sum of tax credits claimed with respect to
2138 the approved investment in such project on the date of such analysis,
2139 the commissioner may determine from the person retained pursuant to
2140 this subsection the applicable recapture amount and may revoke the
2141 certificate of eligibility issued under subsection (h) of this section. The
2142 commissioner may require the taxpayer, the fund manager,
2143 community development entity or contractually bound community
2144 development entity that made such approved investment to reimburse
2145 the commissioner for all or any part of the cost of any economic impact
2146 study performed under this subsection.

2147 (s) (1) Any taxpayer which has claimed credits allowed by this
2148 section related to an investment concerning which the commissioner
2149 has revoked the certificate of eligibility issued under subsection (h) of
2150 this section, shall be required to recapture such taxpayer's pro rata
2151 share of the recapture amount as determined under the provisions of
2152 subdivision (2) of this subsection and no subsequent credit shall be
2153 allowed unless such certificate of eligibility is reinstated under the
2154 provisions of subdivision (3) of this subsection.

2155 (2) If the taxpayer is required under the provisions of subdivision
2156 (1) of this subsection to recapture its pro rata share of the recapture
2157 amount during (A) the first year such credit was claimed, then ninety

2158 per cent of such share shall be recaptured on the tax return required to
2159 be filed for such year, (B) the second of such years, then sixty-five per
2160 cent of such share shall be recaptured on the tax return required to be
2161 filed for such year, (C) the third of such years, then fifty per cent of
2162 such share shall be recaptured on the tax return required to be filed for
2163 such year, (D) the fourth of such years, then thirty per cent of such
2164 share shall be recaptured on the tax return required to be filed for such
2165 year, (E) the fifth of such years, then twenty per cent of such share
2166 shall be recaptured on the tax return required to be filed for such year,
2167 and (F) the sixth or subsequent of such years, then ten per cent of such
2168 share shall be recaptured on the tax return required to be filed for such
2169 year. The Commissioner of Revenue Services may recapture such share
2170 from the taxpayer who has claimed such credits. If the commissioner is
2171 unable to recapture all or part of such share from such taxpayer, the
2172 commissioner may seek to recapture such share from any taxpayer
2173 who has assigned credits in an amount at least equal to such share to
2174 another taxpayer. If the commissioner is unable to recapture all or part
2175 of such share from any such taxpayer, the commissioner may
2176 recapture such share from any fund through which the investment was
2177 made.

2178 (3) If the commissioner has revoked the certificate of eligibility
2179 issued under subsection (h) of this section, such certificate of eligibility
2180 shall be reinstated by the commissioner if, upon a request made by the
2181 taxpayer, fund manager or community development entity who made
2182 such approved investment, an economic impact study conducted
2183 pursuant to subsection (r) of this section shall determine that the sum
2184 of all state revenue actually generated by the project in which such
2185 investment was made is greater than the amount of the total sum of tax
2186 credits claimed on the date of such analysis, provided no such request
2187 shall be made pursuant to this subsection during the calendar year in
2188 which such certificate was revoked. For the purpose of determining
2189 whether such certificate shall be reinstated, the commissioner shall,
2190 upon receipt of a request made under this subsection, obtain one such

2191 economic impact study per calendar year and may obtain additional
 2192 such economic impact studies as the commissioner deems appropriate.

2193 (t) Notwithstanding subsections (r) and (s) of this section, for a
 2194 contractually bound community development entity, credit recapture
 2195 for credits allowed by this section shall be governed by the terms of its
 2196 allocation agreement with the community development financial
 2197 institutions fund or, where such agreement is silent, by Section 45D of
 2198 the Internal Revenue Code and the regulations promulgated by the
 2199 United States Treasury pursuant to said section.

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, and applicable to taxable years commencing on or after January 1, 2017</i>	16-244r
Sec. 4	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	16-244s
Sec. 5	<i>July 1, 2015</i>	7-326
Sec. 6	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-704d
Sec. 7	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-217v
Sec. 8	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	12-217w

Sec. 9	<i>July 1, 2015, and applicable to taxable years commencing on or after January 1, 2017</i>	32-9t
Sec. 10	<i>July 1, 2015</i>	32-7g
Sec. 11	<i>October 1, 2015</i>	32-9n
Sec. 12	<i>October 1, 2015</i>	New section
Sec. 13	<i>October 1, 2015</i>	4-168(a)
Sec. 14	<i>October 1, 2015</i>	4-168b(b)
Sec. 15	<i>October 1, 2015</i>	4-170(b)
Sec. 16	<i>July 1, 2015, and applicable to income years commencing on or after January 1, 2015</i>	32-9t

Statement of Purpose:

To: (1) Establish or extend various tax credits to incentivize investment in brownfield remediation, green technology, cybersecurity, bioscience and various start-up and small businesses, (2) authorize the establishment of special taxing districts for the purpose of developing community broadband systems, and (3) require an analysis on deviations from federal law as part of the legislative regulation review process.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]