



Substitute House Bill No. 5636

Public Act No. 16-183

AN ACT CONCERNING THE APPRENTICESHIP TAX CREDIT AND THE TAX CREDIT REPORT.

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

Section 1. Subsection (a) of section 12-217g of the 2016 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017, and applicable to income or taxable years commencing on or after January 1, 2017*):

(a) (1) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter or chapter 229, other than the liability imposed by section 12-707, for any income year or taxable year with respect to each apprenticeship in the manufacturing trades commenced by such taxpayer in such year under a qualified apprenticeship training program as described in this section, certified in accordance with regulations adopted by the Labor Commissioner and registered with the Connecticut State Apprenticeship Council established under section 31-22n, in an amount equal to six dollars per hour multiplied by the total number of hours worked during the income year or taxable year by apprentices in the first half of a two-year term of apprenticeship and the first three-quarters of a four-year term of apprenticeship, provided the amount of credit allowed for any income year or taxable year with respect to each such apprenticeship

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may not exceed seven thousand five hundred dollars or fifty per cent of actual wages paid in such income year or taxable year to an apprentice in the first half of a two-year term of apprenticeship or in the first three-quarters of a four-year term of apprenticeship, whichever is less.

[(2) Effective for income years commencing on and after January 1, 2015, for purposes of this subsection, "taxpayer" includes an affected business entity, as defined in section 12-284b. Any affected business entity allowed a credit under this subsection may sell, assign or otherwise transfer such credit, in whole or in part, to one or more taxpayers to offset any state tax due or otherwise payable by such taxpayers under this chapter, or, with respect to income years commencing on or after January 1, 2016, chapter 212 or 227, provided such credit may be sold, assigned or otherwise transferred, in whole or in part, not more than three times.]

(2) If the taxpayer is an S corporation or an entity treated as a partnership for federal income tax purposes, the shareholders or partners of such taxpayer may claim the credit under this subsection. If the taxpayer is a single member limited liability company that is disregarded as an entity separate from its owner, the limited liability company's owner may claim the credit under this subsection.

Sec. 2. Section 32-1r of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) [Notwithstanding the provisions of subsection (b) of section 32-1m, on or before January 1, 2011, and every three years thereafter, the Commissioner of Economic and Community Development] On or before February 1, 2018, and every three years thereafter, the Legislative Program Review and Investigations Committee, in consultation with the Commissioner of Revenue Services and the Commissioner of Economic and Community Development, shall

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prepare a report with regard to any tax credit or abatement program enacted for the purpose of recruitment or retention of businesses. The Commissioner of Economic and Community Development shall provide any and all data, data analysis or economic modeling necessary for completion of such report. All such data provided to the Legislative Program Review and Investigations Committee shall be subject to the confidentiality provisions set forth in section 2-53g. The report shall include, but need not be limited to:

[(1) A baseline assessment of the tax credit and abatement programs enacted to encourage business growth in the state, including the number of aggregate jobs associated with taxpayers eligible for such tax credits or abatements and the aggregate annual revenue that such taxpayers generate for the state through the direct taxes applied to them and through their support of the state's economy through employment and other activities;

(2) A listing, by program, of the amount of tax credits and abatements approved by the state during the preceding calendar year;

(3) A summary and evaluation of all tax credit programs administered by the Department of Economic and Community Development. Such summary and evaluation shall include, but need not be limited to, for each tax credit program: (A) An assessment of the intended statutory and programmatic goals of the tax credit; (B) the number of taxpayers granted tax credits under the program during the previous twelve-month period; (C) the value of the tax credits granted, listed by the North American Industrial Classification System code associated with the taxpayers receiving such credits; (D) the value of the tax credits actually claimed and the value of the tax credits carried forward, listed by the North American Industrial Classification System code associated with the taxpayers claiming or carrying forward the credits; (E) an assessment and five-year projection of the potential impact on the state's revenue stream from carry forwards allowed

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under such tax credit program; (F) an analysis of the economic impact of the tax credit program and whether the statutory and programmatic goals are being met, with obstacles to such goals identified, if possible; (G) the type and value of tax credits assigned and a summary by North American Industrial Classification System codes of taxpayers to which such credits are assigned; (H) a cost-benefit analysis of the revenue foregone by allowing a tax credit, as compared to the economic impact of such credit; (I) the cost to the state to administer the tax credit program, and a comparison between such cost and the net revenue generated to the state by each such program; (J) the average and aggregate administrative and compliance cost, to taxpayers, to comply with the requirements of the tax credit program; and (K) a recommendation as to whether the tax credit program should be continued, modified or repealed, the basis for such recommendation and the expected impact of such recommendation on the state's economy;

(4) (A) An assessment of the fairness, performance, burden, tax incidence and economic impact of the state's corporation business tax and taxes on domestic and foreign insurance companies pursuant to chapter 207; (B) the cost to the state to administer the state's corporation business tax and taxes on domestic and foreign insurance companies pursuant to chapter 207, and a comparison between such costs and the net revenue generated to the state by such taxes, and (C) the average and aggregate administrative and compliance costs to taxpayers associated with such taxes; and

(5) The methodology and assumptions used in carrying out the assessments, projections and analyses required pursuant to subdivisions (1), (3) and (4) of this subsection.]

(1) An evaluation of each tax credit or abatement program enacted for the purpose of recruitment or retention of businesses. For each tax credit or abatement program, such evaluation shall include, but need

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not be limited to:

(A) A description of the tax credit or abatement program, its beneficiaries and its intended statutory and programmatic goals;

(B) An analysis of the fiscal impact of the tax credit or abatement program and whether the cost thereof is likely to increase or decrease in future years;

(C) An analysis of the economic impact of the tax credit or abatement program and whether the statutory and programmatic goals are being met, with obstacles to such goals identified, if possible;

(D) An analysis of whether the tax credit or abatement program is being administered efficiently and effectively and the ease or difficulty for taxpayers to comply with the requirements of such tax credit or abatement program;

(E) A recommendation as to whether the tax credit or abatement program should be continued, modified or repealed, and the basis for such recommendation;

(F) Any recommendations for improving the administrative efficiency or effectiveness of a tax credit or abatement program; and

(2) The methodology and assumptions used in carrying out the evaluations required pursuant to subdivisions (1) of this subsection.

(b) The [Commissioner of Economic and Community Development] Legislative Program Review and Investigations Committee shall submit the reports required pursuant to this section [, in accordance with section 11-4a,] to the Governor, the Secretary of the Office of Policy and Management, and to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, finance and commerce.

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(c) On or before March 1, 2018, and every three years thereafter, the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and finance shall hold one or more public hearings on the reports required pursuant to this section.

Sec. 3. Subsection (a) of section 2-53g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Legislative Program Review and Investigations Committee shall: (1) Direct its staff and other legislative staff available to the committee to conduct program reviews and investigations to assist the General Assembly in the proper discharge of its duties; (2) produce its reports electronically and post such reports on the Internet web site of the committee; (3) review staff reports submitted to the committee and, when necessary, confer with representatives of the state departments and agencies reviewed in order to obtain full and complete information in regard to programs, other activities and operations of the state, and may request and shall be given access to and copies of, by all public officers, departments, agencies and authorities of the state and its political subdivisions, such public records, data and other information and given such assistance as the committee determines it needs to fulfill its duties. Any statutory requirements of confidentiality regarding such records, data and other information, including penalties for violating such requirements, shall apply to the committee, its staff and its other authorized representatives in the same manner and to the same extent as such requirements and penalties apply to any public officer, department, agency or authority of the state or its political subdivisions. The committee shall act on staff reports and recommend in its report, or propose, in the form of a raised committee bill, such legislation as may be necessary to modify current operations and agency practices; (4) consider and act on requests by legislators, legislative committees, elected officials of state government and state

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department and agency heads for program reviews. The request shall be submitted in writing to the Legislative Program Review and Investigations Committee and shall state reasons to support the request. The decision of the committee to grant or deny such a request shall be final; (5) conduct investigations requested by joint resolution of the General Assembly, or, when the General Assembly is not in session, (A) requested by a joint standing committee of the General Assembly or initiated by a majority vote of the Legislative Program Review and Investigations Committee and approved by the Joint Committee on Legislative Management, or (B) requested by the Joint Committee on Legislative Management. In the event two or more investigations are requested, the order of priority shall be determined by the Legislative Program Review and Investigations Committee; (6) retain, within available appropriations, the services of consultants, technical assistants, research and other personnel necessary to assist in the conduct of program reviews and investigations; (7) originate, and report to the General Assembly, any bill it deems necessary concerning a program, department or other matter under review or investigation by the committee, in the same manner as is prescribed by rule for joint standing committees of the General Assembly; [and] (8) review audit reports after issuance by the Auditors of Public Accounts, evaluate and sponsor new or revised legislation based on audit findings, provide means to determine compliance with audit recommendations and receive facts concerning any unauthorized, illegal, irregular or unsafe handling or expenditures of state funds under the provisions of section 2-90; and (9) direct its staff and other legislative staff available to the committee to prepare the report required pursuant to section 32-1r, as amended by this act.

Vetoed June 9, 2016