



General Assembly

February Session, 2016

Raised Bill No. 5395

LCO No. 1718



Referred to Committee on HOUSING

Introduced by:
(HSG)

AN ACT ESTABLISHING A TAX CREDIT FOR BUSINESSES THAT HIRE RECENT GRADUATES OF INSTITUTIONS OF HIGHER EDUCATION LOCATED IN CONNECTICUT.

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

1 Section 1. (NEW) (*Effective January 1, 2018, and applicable to income or*
2 *taxable years commencing on or after said date*) (a) As used in this section:

3 (1) "Commissioner" means the Commissioner of Economic and
4 Community Development;

5 (2) "Control", with respect to a corporation, means ownership,
6 directly or indirectly, of stock possessing fifty per cent or more of the
7 total combined voting power of all classes of the stock of such
8 corporation entitled to vote. "Control", with respect to a trust, means
9 ownership, directly or indirectly, of fifty per cent or more of the
10 beneficial interest in the principal or income of such trust. The
11 ownership of stock in a corporation, of a capital or profits interest in a
12 partnership, limited liability company or association or of a beneficial
13 interest in a trust shall be determined in accordance with the rules for
14 constructive ownership of stock provided in Section 267(c) of the

15 Internal Revenue Code of 1986, or any subsequent corresponding
16 internal revenue code of the United States, as from time to time
17 amended, other than paragraph (3) of said Section 267(c);

18 (3) "Full-time job" means a job in which an employee is required to
19 work at least thirty-five hours per week for not less than forty-eight
20 weeks in a calendar year. "Full-time job" does not include a temporary
21 or seasonal job;

22 (4) "Income year" means, with respect to entities subject to the
23 insurance premiums tax under chapter 207 of the general statutes, the
24 corporation business tax under chapter 208 of the general statutes, the
25 utility companies tax under chapter 212 of the general statutes or the
26 income tax under chapter 229 of the general statutes, the income or
27 taxable year as determined under each of said chapters, as the case
28 may be;

29 (5) "New employee" means a person who resides in this state and is
30 hired by a taxpayer on or after January 1, 2018, to fill a new job. "New
31 employee" does not include a person who was employed in this state
32 by a related person with respect to a taxpayer during the prior twelve
33 months;

34 (6) "New job" means a job that did not exist in this state prior to a
35 taxpayer's application to the commissioner for certification under this
36 section for a recent graduate tax credit, is filled by a qualifying
37 employee, and is a full-time job;

38 (7) "Qualifying employee" means a new employee who, at the time
39 of hiring by the taxpayer has graduated within the prior three years
40 from a public or private institution of higher education that is located
41 in this state;

42 (8) "Related person" means (A) a corporation, limited liability
43 company, partnership, association or trust controlled by the taxpayer,
44 (B) an individual, corporation, limited liability company, partnership,
45 association or trust that is in control of the taxpayer, (C) a corporation,

46 limited liability company, partnership, association or trust controlled
47 by an individual, corporation, limited liability company, partnership,
48 association or trust that is in control of the taxpayer, or (D) a member
49 of the same controlled group as the taxpayer; and

50 (9) "Taxpayer" means a person that (A) has been in business for at
51 least twelve consecutive months prior to the date of the taxpayer's
52 application to the commissioner for certification under this section for
53 a recent graduate tax credit, and (B) is subject to tax under chapter 208
54 of the general statutes or chapter 207, 212 or 229 of the general statutes.

55 (b) (1) There is established a recent graduate tax credit program
56 under which a taxpayer may be allowed a credit against the tax
57 imposed under chapter 208 of the general statutes or chapter 207, 212
58 or 229 of the general statutes, other than the liability imposed by
59 section 12-707 of the general statutes, for each qualifying employee
60 hired on or after January 1, 2018. For taxpayers that employ not more
61 than fifty employees in full-time jobs in this state on the date of
62 application to the commissioner for certification under this section, the
63 creation of at least one new job in this state shall be required for the tax
64 credit. For taxpayers that employ more than fifty, but not more than
65 one hundred employees in full-time jobs in this state on the date of
66 application to the commissioner for certification under this section, the
67 creation of at least five new jobs in this state shall be required for the
68 tax credit. For taxpayers that employ more than one hundred
69 employees in full-time jobs in this state on the date of application to
70 the commissioner for certification under this section, the creation of at
71 least ten new jobs in this state shall be required for the tax credit.

72 (2) For the purposes of determining the number of new jobs a
73 taxpayer is required to create in order to claim a credit under this
74 section, the number of employees working in full-time jobs the
75 taxpayer employs in this state on the date of its application to the
76 commissioner for certification under this section shall apply to such
77 taxpayer for the duration of such certification.

78 (c) The amount of the credit shall be five hundred dollars per month
79 for each new employee.

80 (d) (1) The taxpayer shall claim the credit in the income year in
81 which it is earned. Any credit not claimed by the taxpayer in such
82 income year shall expire and shall not be refundable.

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

89 (3) No taxpayer shall claim a credit for any qualifying employee
90 who is an owner, member or partner in the business or who is not
91 employed by the taxpayer at the close of the taxpayer's income year.

92 (4) No taxpayer claiming the credit under this section with respect
93 to a qualifying employee shall claim any credit against any tax under
94 any other provision of the general statutes with respect to the same
95 qualifying employee.

96 (e) (1) To be eligible to claim a credit under this section, a taxpayer
97 shall apply to the commissioner in accordance with this section. The
98 application shall be on a form provided by the commissioner and shall
99 contain sufficient information as required by the commissioner,
100 including, but not limited to, the activities that the taxpayer primarily
101 engages in, the North American Industrial Classification System code
102 of the taxpayer, the current number of employees employed by the
103 taxpayer as of the application date, and if applicable, the name and
104 position or job title of the qualifying employee. The commissioner may
105 impose an application fee as the commissioner deems appropriate.

106 (2) Upon receipt of an application, the commissioner shall render a
107 decision, in writing, on each completed application not later than thirty
108 days after the date the commissioner receives the application. If the

