

**Proposed Substitute  
Bill No. 5574**

LCO No. 2873

**AN ACT CONCERNING STRANDED RESEARCH AND DEVELOPMENT  
TAX CREDITS.**

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

- 1 Section 1. (NEW) (*Effective July 1, 2016*) (a) As used in this section:
- 2 (1) "Accumulated credits" means the amount of credits allowed, in  
3 accordance with the provisions of section 12-217n of the general  
4 statutes, that have not been taken through an applicant's last income  
5 year completed prior to the date of an application submitted as  
6 provided in subsection (b) of this section.
- 7 (2) "Commissioner" means the Commissioner of Economic and  
8 Community Development.
- 9 (3) "Eligible expenditures" means those expenditures made or  
10 incurred in this state by a business in furtherance of a capital project  
11 approved by the commissioner under subsection (b) of this section,  
12 including, but not limited to, (A) expenditures with respect to  
13 buildings, improvements, property, plants and equipment, and  
14 expenses directly related to such expenditures, such as design work,  
15 professional fees, surveys and site preparation, remediation and clean-  
16 up, demolition, moving and renovation expenses, and (B) expenditures  
17 with respect to personal property.

18 (b) The Commissioner of Economic and Community Development  
19 shall establish and administer a program to allow businesses in the  
20 state to exchange accumulated tax credits for payments of eligible  
21 expenditures in support of capital projects in the state that propose to  
22 (1) expand the scale or scope of such business, (2) increase  
23 employment at such business, or (3) generate a substantial return to  
24 the state economy. A business seeking to exchange accumulated tax  
25 credits for payments in support of a capital project under this section  
26 shall apply to the commissioner, on forms provided by the  
27 commissioner, an application that shall include, but not be limited to:  
28 (A) A detailed plan outlining the capital project, (B) the term of such  
29 project, (C) the estimated costs of such project, and (D) the amount of  
30 accumulated credits the eligible taxpayer proposes it be allowed to  
31 exchange in connection with such project. The commissioner may  
32 approve an application if he or she determines that such project would  
33 generate direct and indirect economic benefits to the state that exceed  
34 the amount of the accumulated tax credits proposed to be exchanged.  
35 The amount of such accumulated credits shall be subject to  
36 confirmation, in accordance with the provisions of title 12 of the  
37 general statutes, by the Commissioner of Revenue Services in  
38 consultation with the commissioner.

39 (c) The payment by the state of amounts directly attributable to the  
40 exchange of accumulated credits in connection with an application  
41 approved under subsection (b) of this section may be made in the form  
42 and manner and at the time determined by the commissioner,  
43 including as an offset or refund of state taxes otherwise payable by the  
44 eligible taxpayer under the provisions of chapters 208 and 219 of the  
45 general statutes. To the extent that such payments involve the offset or  
46 refund of state taxes, such payments shall be made in consultation  
47 with the Commissioner of Revenue Services.

48 (d) The commissioner shall adopt regulations, in accordance with  
49 the provisions of chapter 54 of the general statutes, to implement the  
50 provisions of this section.

51 (e) Not later than July 1, 2017, and annually thereafter, the  
52 commissioner shall submit a report, in accordance with the provisions  
53 of section 11-4a of the general statutes, to the joint standing committees  
54 of the General Assembly having cognizance of matters relating to  
55 commerce and finance. Such report shall include (1) information on the  
56 number of applications received and the number of applications  
57 approved under this section, (2) the status of the capital projects  
58 associated with such approved applications, and (3) the amount of  
59 accumulated credits that have been exchanged in connection with such  
60 capital projects.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2016</i>	New section
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