



General Assembly

January Session, 2017

Committee Bill No. 623

LCO No. 5109



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT ESTABLISHING THE 7/7 PROGRAM TO ENCOURAGE THE REDEVELOPMENT OF BROWNFIELDS AND UNDERUTILIZED PROPERTY.

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

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

5 (1) "7/7 participant" means an eligible owner whose application
6 submitted pursuant to subsection (c) of this section has been approved
7 by the commissioner;

8 (2) "7/7 site" means the real property redeveloped and utilized or
9 proposed to be redeveloped and utilized by a 7/7 participant in
10 accordance with this section;

11 (3) "Brownfield" has the same meaning as provided in section 32-760
12 of the general statutes;

13 (4) "Completion of the brownfield remediation" means the

14 completed remediation of a 7/7 site by a 7/7 participant as evidenced
15 by the filing of either a verification or interim verification that meets
16 the requirements of section 22a-133x, 22a-133y or 22a-134 of the
17 general statutes;

18 (5) "Eligible owner" means any person, firm, limited liability
19 company, nonprofit or for-profit corporation or other business entity
20 that holds title to (A) a brownfield, provided such owner did not
21 establish, create or maintain a source of pollution to the waters of the
22 state for purposes of section 22a-432 of the general statutes and is not
23 responsible pursuant to any other provision of the general statutes for
24 any pollution or source of pollution on such brownfield; or (B) real
25 property that has been abandoned or underutilized for ten or more
26 years; and

27 (6) "Qualified expenditures" means the expenditures associated with
28 the investigation, assessment and remediation of a brownfield,
29 including, but not limited to: (A) Soil, groundwater and infrastructure
30 investigation; (B) assessment; (C) remediation of soil, sediments,
31 groundwater or surface water; (D) abatement; (E) hazardous materials
32 or waste removal and disposal; (F) long-term groundwater or natural
33 attenuation monitoring; (G) (i) environmental land use restrictions, (ii)
34 activity and use limitations, or (iii) other forms of institutional control;
35 (H) reasonable attorneys' fees; (I) planning, engineering and
36 environmental consulting; and (J) remedial activity to address building
37 and structural issues, including, but not limited to, demolition,
38 asbestos abatement, polychlorinated biphenyls removal, contaminated
39 wood or paint removal and other infrastructure remedial activities.
40 "Qualified expenditures" do not include expenditures funded for such
41 investigation, assessment, remediation and development directly
42 through other state brownfield programs administered by the
43 commissioner.

44 (b) There is established within the Department of Economic and
45 Community Development the 7/7 program. Said program shall

46 provide incentives to businesses for redeveloping and utilizing
47 brownfields and real property that has been abandoned or
48 underutilized for ten or more years. Participants in said program shall
49 be eligible for the tax incentives provided under subsections (e) to (h),
50 inclusive, of this section.

51 (c) To be designated a 7/7 participant, an eligible owner shall
52 submit to the Commissioner of Economic and Community
53 Development an application, on forms provided by the commissioner,
54 that shall include the following information: (1) A description of the
55 real property such eligible owner seeks to utilize and the proposed use
56 for such property; (2) a written certification (A) from a licensed
57 environmental professional stating that such property is a brownfield,
58 or (B) from the municipality in which such property is located stating
59 that such property has been abandoned or underutilized for ten or
60 more years, as determined by such municipality; (3) a plan that such
61 eligible owner shall submit to high schools in the area of the
62 brownfield and the regional-community technical colleges that
63 includes the anticipated workforce needs for the proposed use of such
64 property and workforce training requirements in order to enable such
65 schools and colleges to develop educational training programs to meet
66 such workforce needs; (4) a commitment by the eligible owner to hire
67 not less than thirty per cent of its workforce from students enrolled in
68 any programs developed as a result of subdivision (3) of this
69 subsection; (5) a written certification from the municipality in which
70 such property is located that such municipality supports the
71 application for the designation of such property as a 7/7 site, and (6)
72 any other information the commissioner deems necessary. The
73 commissioner shall approve any application that satisfies the
74 requirements of this subsection and shall notify the Commissioner of
75 Revenue Services whenever he or she approves the application of an
76 eligible owner.

77 (d) Any 7/7 participant that seeks to redevelop and utilize a
78 brownfield shall not be eligible for any of the benefits provided under

79 subsections (e) to (h), inclusive, of this section until the completion of
80 the brownfield remediation and the participant's notification of such
81 completion to the Commissioners of Revenue Services and Economic
82 and Community Development and the municipality in which such
83 brownfield is located.

84 (e) (1) If a 7/7 participant is subject to the tax imposed under
85 chapter 208 of the general statutes, the Commissioner of Revenue
86 Services shall grant a credit against any tax due under the provisions
87 of said chapter in an amount equal to the total amount of tax due
88 under said chapter for the income year that is attributable to the
89 operations of such participant's business located on the 7/7 site after
90 the deduction of any other credits allowable under said chapter. The
91 credit allowed by this subdivision shall be available in the first income
92 year in which such participant begins business operations at such site
93 and the succeeding six income years.

94 (2) If a 7/7 participant is subject to the tax imposed under chapter
95 229 of the general statutes, the Commissioner of Revenue Services shall
96 grant a credit to each member, shareholder or partner of such
97 participant against any tax due under the provisions of said chapter,
98 other than the liability imposed by section 12-707 of the general
99 statutes, in an amount equal to such member's, shareholder's or
100 partner's amount of tax due under said chapter for the taxable year
101 that is attributable to the operations of such participant's business
102 located on the 7/7 site after the deduction of any other credits
103 allowable under said chapter. The credit allowed by this subdivision
104 shall be available in the first taxable year in which such participant
105 begins business operations at such site and the succeeding six taxable
106 years.

107 (f) (1) The taxes imposed by chapter 219 of the general statutes shall
108 not apply to any item purchased by a 7/7 participant in the first seven
109 calendar years from the date such participant initiates business
110 operations at a 7/7 site, provided such item is purchased for use in the

111 ordinary course of business at such site.

112 (2) At the time of sale, a 7/7 participant shall present to the person
113 who makes the sale a certificate to the effect that the item is subject to
114 such exemption. The certificate shall be signed by and bear the name
115 and address of the purchaser. The certificate shall be substantially in
116 such form as the Commissioner of Revenue Services prescribes.

117 (3) If a purchaser who presents a certificate, in accordance with
118 subdivision (2) of this subsection, makes any use of the item other than
119 the purpose set forth in subdivision (1) of this subsection, the use shall
120 be deemed to be a use by the purchaser in accordance with chapter 219
121 of the general statutes, as of the time the property is first used by him
122 or her, and the item shall be taxable to such purchaser in accordance
123 with said chapter.

124 (g) (1) In the case of a 7/7 participant subject to the tax imposed
125 under chapter 208 of the general statutes, in arriving at net income, as
126 defined in section 12-213 of the general statutes, in the eighth income
127 year following such 7/7 participant's initiation of business operations
128 at a 7/7 site that was a brownfield and the six succeeding income
129 years, there shall be deducted from gross income, as defined in section
130 12-213 of the general statutes, an amount not to exceed eight and fifty-
131 seven-one-hundredths per cent of the qualified expenditures
132 associated with the remediation of such site.

133 (2) In the case of a 7/7 participant subject to the tax imposed under
134 chapter 229 of the general statutes, in the eighth income year following
135 such 7/7 participant's initiation of business operations at a 7/7 site that
136 was a brownfield and the six succeeding income years, there shall be
137 subtracted from Connecticut adjusted gross income, as defined in
138 section 12-701 of the general statutes, as amended by this act, an
139 amount not to exceed eight and fifty-seven-one-hundredths per cent of
140 the qualified expenditures associated with the remediation of such site.

141 (h) Notwithstanding any provision of the general statutes or of any

142 special act, municipal charter or home rule ordinance, for five
143 assessment years following the date a 7/7 participant obtained a
144 building permit to begin construction at a 7/7 site, the municipality in
145 which such site is located shall continue to use the assessed value of
146 such site as of the date such participant's application was approved
147 under subsection (c) of this section.

148 (i) The Commissioner of Economic and Community Development,
149 in consultation with the Commissioner of Revenue Services, shall
150 adopt regulations, in accordance with the provisions of chapter 54 of
151 the general statutes, to implement the provisions of this section.

152 Sec. 2. Subdivision (1) of subsection (a) of section 12-217 of the
153 general statutes is repealed and the following is substituted in lieu
154 thereof (*Effective July 1, 2017, and applicable to income years commencing*
155 *on or after January 1, 2017*):

156 (a) (1) In arriving at net income as defined in section 12-213, whether
157 or not the taxpayer is taxable under the federal corporation net income
158 tax, there shall be deducted from gross income, (A) all items deductible
159 under the Internal Revenue Code effective and in force on the last day
160 of the income year except (i) any taxes imposed under the provisions
161 of this chapter which are paid or accrued in the income year and in the
162 income year commencing January 1, 1989, and thereafter, any taxes in
163 any state of the United States or any political subdivision of such state,
164 or the District of Columbia, imposed on or measured by the income or
165 profits of a corporation which are paid or accrued in the income year,
166 (ii) deductions for depreciation, which shall be allowed as provided in
167 subsection (b) of this section, (iii) deductions for qualified domestic
168 production activities income, as provided in Section 199 of the Internal
169 Revenue Code, and (iv) in the case of any captive real estate
170 investment trust, the deduction for dividends paid provided under
171 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in
172 the case of a regulated investment company, the sum of (i) the exempt-
173 interest dividends, as defined in the Internal Revenue Code, and (ii)

174 expenses, bond premium, and interest related to tax-exempt income
175 that are disallowed as deductions under the Internal Revenue Code,
176 and (C) in the case of a taxpayer maintaining an international banking
177 facility as defined in the laws of the United States or the regulations of
178 the Board of Governors of the Federal Reserve System, as either may
179 be amended from time to time, the gross income attributable to the
180 international banking facility, provided, no expense or loss attributable
181 to the international banking facility shall be a deduction under any
182 provision of this section, and (D) additionally, in the case of all
183 taxpayers, all dividends as defined in the Internal Revenue Code
184 effective and in force on the last day of the income year not otherwise
185 deducted from gross income, including dividends received from a
186 DISC or former DISC as defined in Section 992 of the Internal Revenue
187 Code and dividends deemed to have been distributed by a DISC or
188 former DISC as provided in Section 995 of said Internal Revenue Code,
189 other than thirty per cent of dividends received from a domestic
190 corporation in which the taxpayer owns less than twenty per cent of
191 the total voting power and value of the stock of such corporation, and
192 (E) additionally, in the case of all taxpayers, the value of any capital
193 gain realized from the sale of any land, or interest in land, to the state,
194 any political subdivision of the state, or to any nonprofit land
195 conservation organization where such land is to be permanently
196 preserved as protected open space or to a water company, as defined
197 in section 25-32a, where such land is to be permanently preserved as
198 protected open space or as Class I or Class II water company land, and
199 (F) in the case of manufacturers, the amount of any contribution to a
200 manufacturing reinvestment account established pursuant to section
201 32-9zz in the income year that such contribution is made to the extent
202 not deductible for federal income tax purposes, and (G) additionally,
203 to the extent allowable under subsection (g) of section 1 of this act, the
204 amount paid by a 7/7 participant, as defined in section 1 of this act, for
205 the remediation of a brownfield.

206 Sec. 3. Subparagraph (B) of subdivision (20) of subsection (a) of
207 section 12-701 of the general statutes is repealed and the following is

208 substituted in lieu thereof (*Effective July 1, 2017, and applicable to taxable*
209 *years commencing on or after January 1, 2017*):

210 (B) There shall be subtracted therefrom (i) to the extent properly
211 includable in gross income for federal income tax purposes, any
212 income with respect to which taxation by any state is prohibited by
213 federal law, (ii) to the extent allowable under section 12-718, exempt
214 dividends paid by a regulated investment company, (iii) the amount of
215 any refund or credit for overpayment of income taxes imposed by this
216 state, or any other state of the United States or a political subdivision
217 thereof, or the District of Columbia, to the extent properly includable
218 in gross income for federal income tax purposes, (iv) to the extent
219 properly includable in gross income for federal income tax purposes
220 and not otherwise subtracted from federal adjusted gross income
221 pursuant to clause (x) of this subparagraph in computing Connecticut
222 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
223 extent any additional allowance for depreciation under Section 168(k)
224 of the Internal Revenue Code, as provided by Section 101 of the Job
225 Creation and Worker Assistance Act of 2002, for property placed in
226 service after December 31, 2001, but prior to September 10, 2004, was
227 added to federal adjusted gross income pursuant to subparagraph
228 (A)(ix) of this subdivision in computing Connecticut adjusted gross
229 income for a taxable year ending after December 31, 2001, twenty-five
230 per cent of such additional allowance for depreciation in each of the
231 four succeeding taxable years, (vi) to the extent properly includable in
232 gross income for federal income tax purposes, any interest income
233 from obligations issued by or on behalf of the state of Connecticut, any
234 political subdivision thereof, or public instrumentality, state or local
235 authority, district or similar public entity created under the laws of the
236 state of Connecticut, (vii) to the extent properly includable in
237 determining the net gain or loss from the sale or other disposition of
238 capital assets for federal income tax purposes, any gain from the sale
239 or exchange of obligations issued by or on behalf of the state of
240 Connecticut, any political subdivision thereof, or public
241 instrumentality, state or local authority, district or similar public entity

242 created under the laws of the state of Connecticut, in the income year
243 such gain was recognized, (viii) any interest on indebtedness incurred
244 or continued to purchase or carry obligations or securities the interest
245 on which is subject to tax under this chapter but exempt from federal
246 income tax, to the extent that such interest on indebtedness is not
247 deductible in determining federal adjusted gross income and is
248 attributable to a trade or business carried on by such individual, (ix)
249 ordinary and necessary expenses paid or incurred during the taxable
250 year for the production or collection of income which is subject to
251 taxation under this chapter but exempt from federal income tax, or the
252 management, conservation or maintenance of property held for the
253 production of such income, and the amortizable bond premium for the
254 taxable year on any bond the interest on which is subject to tax under
255 this chapter but exempt from federal income tax, to the extent that
256 such expenses and premiums are not deductible in determining federal
257 adjusted gross income and are attributable to a trade or business
258 carried on by such individual, (x) (I) for a person who files a return
259 under the federal income tax as an unmarried individual whose
260 federal adjusted gross income for such taxable year is less than fifty
261 thousand dollars, or as a married individual filing separately whose
262 federal adjusted gross income for such taxable year is less than fifty
263 thousand dollars, or for a husband and wife who file a return under
264 the federal income tax as married individuals filing jointly whose
265 federal adjusted gross income for such taxable year is less than sixty
266 thousand dollars or a person who files a return under the federal
267 income tax as a head of household whose federal adjusted gross
268 income for such taxable year is less than sixty thousand dollars, an
269 amount equal to the Social Security benefits includable for federal
270 income tax purposes; and (II) for a person who files a return under the
271 federal income tax as an unmarried individual whose federal adjusted
272 gross income for such taxable year is fifty thousand dollars or more, or
273 as a married individual filing separately whose federal adjusted gross
274 income for such taxable year is fifty thousand dollars or more, or for a
275 husband and wife who file a return under the federal income tax as

276 married individuals filing jointly whose federal adjusted gross income
277 from such taxable year is sixty thousand dollars or more or for a
278 person who files a return under the federal income tax as a head of
279 household whose federal adjusted gross income for such taxable year
280 is sixty thousand dollars or more, an amount equal to the difference
281 between the amount of Social Security benefits includable for federal
282 income tax purposes and the lesser of twenty-five per cent of the Social
283 Security benefits received during the taxable year, or twenty-five per
284 cent of the excess described in Section 86(b)(1) of the Internal Revenue
285 Code, (xi) to the extent properly includable in gross income for federal
286 income tax purposes, any amount rebated to a taxpayer pursuant to
287 section 12-746, (xii) to the extent properly includable in the gross
288 income for federal income tax purposes of a designated beneficiary,
289 any distribution to such beneficiary from any qualified state tuition
290 program, as defined in Section 529(b) of the Internal Revenue Code,
291 established and maintained by this state or any official, agency or
292 instrumentality of the state, (xiii) to the extent allowable under section
293 12-701a, contributions to accounts established pursuant to any
294 qualified state tuition program, as defined in Section 529(b) of the
295 Internal Revenue Code, established and maintained by this state or
296 any official, agency or instrumentality of the state, (xiv) to the extent
297 properly includable in gross income for federal income tax purposes,
298 the amount of any Holocaust victims' settlement payment received in
299 the taxable year by a Holocaust victim, (xv) to the extent properly
300 includable in gross income for federal income tax purposes of an
301 account holder, as defined in section 31-51ww, interest earned on
302 funds deposited in the individual development account, as defined in
303 section 31-51ww, of such account holder, (xvi) to the extent properly
304 includable in the gross income for federal income tax purposes of a
305 designated beneficiary, as defined in section 3-123aa, interest,
306 dividends or capital gains earned on contributions to accounts
307 established for the designated beneficiary pursuant to the Connecticut
308 Homecare Option Program for the Elderly established by sections 3-
309 123aa to 3-123ff, inclusive, (xvii) to the extent properly includable in

310 gross income for federal income tax purposes, any income received
311 from the United States government as retirement pay for a retired
312 member of (I) the Armed Forces of the United States, as defined in
313 Section 101 of Title 10 of the United States Code, or (II) the National
314 Guard, as defined in Section 101 of Title 10 of the United States Code,
315 (xviii) to the extent properly includable in gross income for federal
316 income tax purposes for the taxable year, any income from the
317 discharge of indebtedness in connection with any reacquisition, after
318 December 31, 2008, and before January 1, 2011, of an applicable debt
319 instrument or instruments, as those terms are defined in Section 108 of
320 the Internal Revenue Code, as amended by Section 1231 of the
321 American Recovery and Reinvestment Act of 2009, to the extent any
322 such income was added to federal adjusted gross income pursuant to
323 subparagraph (A)(xi) of this subdivision in computing Connecticut
324 adjusted gross income for a preceding taxable year, (xix) to the extent
325 not deductible in determining federal adjusted gross income, the
326 amount of any contribution to a manufacturing reinvestment account
327 established pursuant to section 32-9zz in the taxable year that such
328 contribution is made, [and] (xx) to the extent properly includable in
329 gross income for federal income tax purposes, for the taxable year
330 commencing January 1, 2015, ten per cent of the income received from
331 the state teachers' retirement system, for the taxable year commencing
332 January 1, 2016, twenty-five per cent of the income received from the
333 state teachers' retirement system, and for the taxable year commencing
334 January 1, 2017, and each taxable year thereafter, fifty per cent of the
335 income received from the state teachers' retirement system, and (xxi) to
336 the extent allowable under subsection (g) of section 1 of this act, the
337 amount paid by a 7/7 participant, as defined in section 1 of this act, for
338 the remediation of a brownfield.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2017, and applicable to taxable and income years commencing on or after January 1, 2017</i>	New section
Sec. 2	<i>July 1, 2017, and applicable to income years commencing on or after January 1, 2017</i>	12-217(a)(1)
Sec. 3	<i>July 1, 2017, and applicable to taxable years commencing on or after January 1, 2017</i>	12-701(a)(20)(B)

Statement of Purpose:

To establish the 7/7 program to encourage the redevelopment of brownfields and abandoned and underutilized sites by providing tax incentives for the development and use of such sites.

[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.]

Co-Sponsors: SEN. FASANO, 34th Dist.; SEN. WITKOS, 8th Dist.
 REP. CAMILLO, 151st Dist.

S.B. 623