Testimony of

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Finance, Revenue & Bonding Committee
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HB 7410 An Act Concerning Certain Tax Recommendations of the Commission on Fiscal Stability and Economic Growth and Establishing a Stem Scholarship Program

HB 7377 An Act Extending the Manufacturing Apprenticeship Tax Credit to Affected Business Entities

Good afternoon Senator Fonfara, Representative Rojas and members of the Finance, Revenue & Bonding Committee. My name is Sal Luciano and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 220,000 members in the private sector, public sector, and building trades. Our members live and work in every city and town in our state and reflect the diversity that makes Connecticut great. Thank you for the opportunity to testify today on legislation impacting Connecticut’s working families.

Our state is at a significant crossroads. Decades of failing to honor our financial obligations and subsidizing fragmented, inefficient municipal government have pushed our state budget, and taxpayers who rely on high quality vital public services, to the limit. Political will has been in short supply to tackle these problems with most policymakers choosing to scapegoat public workers rather than ask everyone to pay their fair share. The result has been multiple austerity budgets and another multi-billion-dollar deficit. Enough is enough.

According to the Economic Policy Institute, Connecticut has the third highest income inequality in the nation, exacerbated by a tax system that protects wealth at the top and blocks access to prosperity by the working poor and what’s left of the middle class. The top 1% of Connecticut residents make 37.2 times more than the bottom 99%. In addition, Connecticut’s wealthiest individuals stand to receive an average federal tax cut of $71,000 this year due to the Trump tax cuts. HB 7410 would only add to our inequality.

HB 7410 An Act Concerning Certain Tax Recommendations of the Commission on Fiscal Stability and Economic Growth and Establishing a Stem Scholarship Plan: OPPOSE

This Commission on Fiscal Stability and Economic Growth was given an important charge, but its report was a tremendous disappointment. We were led to believe the recommendations would be a bold prescription for economic revitalization, but they were nothing short of a full-frontal attack on working people. The report was a rehash of divisive, failed ideas that if implemented, would have continued to dampen wage growth and exacerbate inequality throughout Connecticut. The report was a missed opportunity to unite policymakers and taxpayers behind a plan of shared prosperity and long-term economic growth. Thankfully, members of the General Assembly agreed and shelved it. HB 7410 seeks to resurrect the Commission’s tax recommendations. I urge you to put it back in the recycling bin.

The Economic Policy Institute called the Commission’s report the “wrong prescription for Connecticut” and “rife with misinformation and sloppy research.” Instead, EPI economists recommended an investment approach, believing that Connecticut was spending too little, not too much, on public services and investments to reduce unfunded

1 https://www.epi.org/publication/fiscal-commission-has-the-wrong-prescription-for-connecticut/
liabilities. Raising revenue in a progressive fashion, they asserted, would spare our most vulnerable citizens and reduce inequality, while causing less harm to the economy and economic growth than further cuts to vital public services.

Breathing new life into the recommendations of a commission that almost exclusively represented the interests of the 1% is a colossally bad idea. Phasing out the gift tax and the estate tax as HB 7410 does, achieves the goal of at least one member who stated her determination to “protect the wealthy.” It was neither courageous, nor groundbreaking for business leaders to recommend more of what benefited them directly. Their report was a slap in the face of working- and middle-class taxpayers who have felt the brunt of multiple austerity budgets.

Broadening regressive sales taxes, while eliminating the estate and gift taxes, shifts tax burdens away from those who are best able to meet them. Countless studies show that this kind of trickle-down tax policy actually slows economic growth because working and middle class workers spend a larger percentage of their income, thereby generating local economic activity. If they pay more in taxes, they will have less disposable income.

**Move Forward**

Rather than reducing the estate tax and eliminating the gift tax which only benefit the ultra-wealthy, we should raise the marginal rates on the state income tax, tax capital gains and dividends at higher rates and close the carried interest loophole. Rather than taxing non-prescription medications, we should be scrutinizing the billions of dollars in corporate tax expenditures the state doles out like candy.

It’s time for policymakers to implement an investment strategy to grow our economy and end cycles of budget deficits. Examples of an investment strategy include:

- Ending the practice by irresponsible employers of misclassifying workers as independent contractors to circumvent labor laws in order to come in as the lowest bidder on public works projects. This hurts workers and prevents honest employers from being able to compete on a level playing field.

- Recouping safety-net costs from irresponsible mega-profitable employers who pay their workers so little that they are eligible to enroll in HUSKY, apply for food stamps, claim the Earned Income Tax Credit, seek out childcare subsidies and obtain other methods of public assistance.

- Making significant investments in the state’s deteriorating infrastructure and public transportation, which creates jobs, attracts and retains millennial workers and improves our state’s quality of life.

- Investing more heavily in pre-K-12 education, higher education and workforce training and development programs. Connecticut has one of the best educated, highly skilled workforces, but austerity budgets have impeded efforts to prepare today’s workers for tomorrow’s jobs.

- Raising the minimum wage to $15/hour and indexing it to inflation.

- Ending subsidies for the inefficiencies of home rule. It’s long overdue for municipal governments to provide the same level of cooperation, coordination and shared functions that other states provide at a far more affordable price.

Connecticut has thrived and survived because of its ingenuity and its people. For too long, too many have bought into the notion that Connecticut’s success is in the past. This “rooting for failure club” has perpetuated myths, rather than focusing on our strengths. Too many have bought into the notion that to make Connecticut businesses richer, you have to make its workers poorer. Workers are always willing to come to the table and do their part, but for too long workers have been the only ones stepping up.

CT Voices has prepared a menu of progressive revenue options that we ask the Committee to consider. You have an opportunity to put Connecticut on the right path – a path where everyone is valued, everyone contributes, and everyone benefits. I urge you to look forward, not backward, and seize that opportunity.

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HB 7377 An Act Extending the Manufacturing Apprenticeship Tax Credit to Affected Business Entities: SUPPORT WITH AMENDMENT

In recent years, manufacturers have come to General Assembly, calling for the state to do more to train workers for careers in manufacturing. They have raised alarms, warning that without sufficient training programs, manufacturers will be forced to leave the state and take one of Connecticut’s growing career clusters with it.

We have been led to believe that these employers sought to create good-paying jobs, but we were surprised to read several weeks ago in the Hartford Courant that the Connecticut Manufacturers Collaborative opposes raising the minimum wage to $15 per hour. That’s not exactly a living wage. I have attached the article to my testimony.

The Connecticut AFL-CIO supports legislative efforts to develop and grow our state’s manufacturing workforce pipeline through apprenticeships, training and workforce development programs and even employer tax credits. But we oppose efforts for the state to subsidize another low wage employer. Tax credits for manufacturers should go to responsible employers that pay their workers a fair wage and provide good health insurance and a secure retirement.

Employers who refuse to pay their workers a living wage should be ineligible for tax credits. Otherwise, the state subsidizes them twice — once with the tax credits and again when they make their workers eligible for Husky, childcare subsidies, housing assistance and other programs to support low-wage workers. That doesn’t help Connecticut, it doesn’t help taxpayers and it certainly doesn’t grow our economy.

HB 7377 would allow individual partners in, or shareholders of, S corporations, partnerships, and limited liability companies to claim the manufacturing apprenticeship tax credit on their personal income tax returns, without any limit on the amount of reduction in an individual’s tax liability. It also doesn’t prevent these business entities (that are not subject to the corporation business tax) from selling these tax credits to reduce or eliminate their tax liabilities. Similar bills lacking these kinds of protection measures were vetoed in recent years.

We respectfully request that you add language to HB 7377 requiring manufacturers who receive apprenticeship tax credits to pay their workers a living wage and provide good benefits and to limit the number of tax credits each individual employer may receive. For your convenience, I have attached language to my testimony.
Fiscal commission has the wrong prescription for Connecticut

Report • By Josh Bivens, Monique Morrissey, and Mark Stelzner • March 22, 2018

Economic context

The Connecticut economy and the state’s fiscal position have faced headwinds in recent years. These include an economy that relies on precision manufacturing, finance, and insurance and thus is vulnerable to the loss of middle-class jobs from foreign competition, computers, and outsourcing. The state has also seen slow population growth, with actual declines since 2014.

Some of Connecticut’s problems could have been avoided, notably delays in paying for the pensions of teachers and other public-sector workers. These legacy costs date back decades. In the case of state employees, for example, the unfunded liability can be traced to the pensions of workers employed before July 1, 1984—very few of whom are still working. Similar shortsightedness has also led to underinvestment in infrastructure and higher education (Phaneuf 2017a).

The slow recovery from the Great Recession and a shrinking population make repaying debts and investing in the future more challenging. However, these challenges should not be exaggerated to justify drastic and counterproductive measures, such as those proposed by the state’s Commission on Fiscal Stability and Economic Growth (2018). Connecticut also has many advantages, including a highly skilled, educated, and productive workforce and, in most of the state, median incomes that are high even relative to the high cost of living (authors’ analysis of EPI 2018 and Bullard 2017). The state’s high income inequality creates demand for safety net programs, but also means more income is subject to the higher marginal tax rates in the state’s tax code.

Though the economic recovery has been more sluggish in Connecticut than in the rest of the country, per capita income grew faster before, and did not fall as sharply during, the Great Recession. Therefore, living standards in the state have grown about as much in the new millennium as in the rest of the country, and from a higher starting point (authors’ analysis of BEA 2018a).

Budget shortfall

The state has a $2 billion budget deficit, which is projected to grow as legacy pension costs come due. As laid out in a recent EPI report, Connecticut should close its fiscal gap by raising revenues in a progressive fashion (Bivens 2017). State and local government spending in Connecticut was 8.4 percent of the state’s gross domestic product in 2015, lower than average for the United States (9.0 percent) (authors’ analysis of BEA 2018b). While the state faces budget shortfalls, the economic impact of further spending cuts would be more damaging to economic growth than tax increases, especially progressive ones (tax hikes on higher-income households or corporations).

It is possible to boost aggregate demand and create jobs even while closing a deficit by raising revenues in ways that do less damage and by directing spending in ways that do more good. Connecticut should focus on policies that foster job creation, invest in human and physical capital, and boost the incomes and benefits of low- and middle-class families—who have a higher propensity to consume in the state and might otherwise rely on means-tested government benefits.

Moody’s economist Mark Zandi has estimated that a dollar of spending by state governments has roughly four times the fiscal stimulus as a dollar of income tax cuts (in the case of Zandi’s analysis, making the Bush tax cuts permanent) (Zandi 2010). Conversely, closing a budget shortfall by reducing spending does roughly four times as much damage to the economy as closing it by increasing revenues—and the difference is greater with well-targeted revenue increases or poorly targeted spending cuts.
Recommendations of the Commission on Fiscal Stability and Economic Growth

The report of the Commission on Fiscal Stability and Economic Growth (2018) gets this exactly wrong. Instead of closing the budget shortfall with the least damage to the economy by heeding macroeconomic multipliers, the commission would magnify the damage by closing the deficit on the spending side while shifting the tax burden to enrich the wealthy at the expense of low- and moderate-income families. While wealthy households save more of their money and spend more of it out of state, spending by low- and middle-income families fuels the state’s economy. Lower-income families already pay a much higher share of their incomes in state taxes—around 24 percent for households with adjusted gross incomes under $48,000—than millionaires, whose income share going to state taxes ranges from around 6 to 8 percent, according to a 2014 government report (Connecticut Department of Revenue Services 2014).

The commission’s regressive tax plan

Instead of addressing this gross inequity, the commission proposes a revenue-neutral tax overhaul that reduces progressive income taxes while increasing regressive sales and payroll taxes. It scraps progressive estate and gift taxes altogether. A new payroll tax proposed is effectively a tax on employment borne in large part by workers, though the commission characterizes the tax as a “corporation tax” to give the impression of shared sacrifice. Smaller employers would be fully or partially exempt from this tax, which is presumably intended to spur entrepreneurship but is as likely to increase outsourcing to subcontractors whose only competitive advantage is lower pay. A proposal to raise tolls and gasoline taxes, though earmarked toward needed transportation infrastructure, is also regressive.

The commission bemoans the volatility of tax revenues, but this volatility is only a problem when state policymakers fail to smooth spending over the business cycle. Pro-cyclical taxation (as opposed to pro-cyclical spending) actually dampens business cycles in a potentially useful way. The key is ensuring that taxes in flush years are used to pay down the pension debt or increase savings in the rainy day fund rather than increase spending or cut taxes. However, the “bond lock” provision included in the state’s 2018–2019 budget is poorly designed and draconian, and hence fails as a smart mechanism for this tax smoothing (Noonan, Marks, and Shemitz 2018). (The commission praised the bond-lock provision, but conceded that it was enacted without hearings and should be deferred a year pending further study.)

The commission provides little justification for its proposals beyond self-serving claims that the tax overhaul would make the state more competitive. It makes much of the fact that high-income taxpayers are moving to states like Florida, which has no state income tax (as well as poor schools and public services). But of course, much outmigration to states like Florida is driven by weather and retirement decisions, not tax rates.

The commission’s report implies, but fails to demonstrate, that lowering taxes on the wealthy would stem outmigration enough to recoup revenues lost from lower rates. This is highly doubtful, because all wealthy residents—not just those who might be dissuaded from leaving—would see tax cuts. Research has shown that income taxes have little effect on migration, certainly not enough to suggest that lowering rates would result in higher revenues (for an overview, see Bivens 2017 and Young et al. 2016). While the commission’s report shows that migrants to Connecticut from New York, Massachusetts, New Jersey, and California have somewhat higher incomes than migrants leaving Connecticut for these states, all these states except Massachusetts also have a higher cost of living (BEA 2018c). Connecticut is similar to other northeastern states in having net outmigration to warmer, cheaper parts of the country, especially by retirees. What differentiates Connecticut from other states in the region is not outmigration but a low birthrate. Whether or not this should be considered a problem, it is not one the commission tackles by addressing childcare costs or other means.

The commission’s harmful budget cuts

The commission recommends $1 billion in unspecified cuts to the annual budget in addition to further cuts to employee benefits. State and local government employment in Connecticut has already shrunk by 15,000 jobs (6.3 percent of the total) since 2008. While public-sector employment fell nationwide in the wake of the Great Recession and has not fully recovered, Connecticut, which had lower-than-average government employment even before the recession, is unusual in that it continues to shed government jobs (authors’ analysis of BEA 2018d; Phaneuf 2017b).
The state should *not* further shrink public-sector employment, which would only serve as a drag on the state’s feeble recovery and further degrade public services. Once the economy picks up steam, the state can look for ways to deploy these resources more effectively through local government consolidation and by better taking advantage of economies of scale and the state’s bargaining power to restrain health cost inflation.

### The commission’s attacks on workers

The commission scapegoats public-sector workers and their unions, who have already borne the brunt of a shortfall they had no role in creating. Collective bargaining is not to blame for pension underfunding. As the AFL-CIO has pointed out, the state began prefunding pension benefits only after state workers won the right to bargain over these benefits (Pelletier 2018). In just the latest round of bargaining, state employees agreed to over $24 billion in pay and benefit cuts to help pay back a shortfall created decades ago when benefits were legislated, not collectively bargained (Phaneuf 2017c). These cuts included further reductions to pension and health benefits, including the creation of yet another lower pension tier for newly hired workers.

Nevertheless, the commission recommends revoking unions’ ability to bargain over benefits—core components of public-sector compensation that encourage employee retention. But today’s teachers and state employees are already paying a steep price for the state’s failure to pay for their predecessors’ benefits. Workers’ pension contributions have doubled while retiree health benefits have been slashed (Phaneuf 2017d). Since public-sector workers are already paid less than their private-sector counterparts, benefit cuts would have to be more than offset by higher salaries to avoid losing skilled workers (Morrissey 2016).

Unions reduce inequality and grow the middle class. While claiming concern over income disparities, the commission wants to weaken laws designed to ensure that government-funded construction projects do not undercut union pay standards. The commission also meddles in arbitration rules to promote untested methods that give neither side in an employer-employee dispute an incentive to bargain in good faith or share information and that bestow too much power on individual arbitrators.

Protecting workers’ rights also strengthens the economy. Recent research has found that unions have a positive net fiscal impact on governments by turning bad jobs into middle-class ones with benefits, thereby reducing reliance on public services (Sojourner and Pacas 2018). Even unions that raise public-sector workers’ pay reduce costs to taxpayers. This counterruitive finding stems from the fact that public-sector unions have the largest effect on the pay and benefits of lower-paid workers who might otherwise qualify for Medicaid and other means-tested programs. An EPI report (Morrissey 2016) found that in Connecticut, as in the rest of the country, public-sector unions raise pay among less-educated workers more than among highly educated workers. Even with a union pay advantage, college-educated public-sector workers remain underpaid compared with their private-sector counterparts.

### Conclusion

The recommendations of the Commission on Fiscal Stability and Economic Growth are unlikely to be adopted in their entirety as the co-chairs have urged. However, the report may be used as a basis for further discussion and policy advocacy, even though it is rife with misinformation and sloppy research. This includes a claim that Connecticut’s regressive sales taxes are low by national standards, which the report’s own figures belie. Another misleading claim is that pension benefits are overgenerous, based on comparisons that do not take into account salaries, years of service, or the benefit cuts Connecticut workers have already experienced. In fact, benefits are modest, especially for teachers who are not eligible for Social Security yet have a benefit multiplier equal to just 2 percent of final average salary per year of service. This is in line with what many workers receive *on top of* Social Security (authors’ analysis of NEA 2016 and CRR 2016).

The report exaggerates the pension shortfall by reducing projected returns on pension fund assets even though these are in line with realized returns. The commission bases its claim on 10-year returns in a period that included the 2008 financial crisis, while inflation-adjusted returns have exceeded current assumptions over both shorter and longer time periods (authors’ analysis of Connecticut Office of the Treasurer 2017; Cavanaugh Macdonald 2017a, 2017b, 2017c; and BLS
Far from being aggressive, the 6.9 percent investment return assumption used by the State Employees Retirement System is already one of the most conservative in the country (NASRA 2017).

Connecticut should not make fiscal decisions that ignore national developments. The Tax Cuts and Jobs Act passed by Congress at the end of last year gave large and permanent tax cuts to Connecticut corporations and their owners. Given this windfall, they should be able to afford modest increases in state taxes, rather than reaping additional tax cuts. Further, recent federal proposals for both infrastructure and Medicaid would offload federal responsibilities for financing them onto states. These proposals have not been passed into law yet, but they seem to presage states needing more, not less, revenue in the near future.

Connecticut is spending too little, not too much, on public services and investments as it tries to repay debts incurred decades ago. The smart way out of this predicament is to raise taxes in a progressive fashion. This not only spares its most vulnerable citizens, but also does the least harm to the economy and reduces inequality. In a nod to addressing “the issue of income disparity,” the commission expresses support for an increase in the minimum wage—as do we. But this nod appears more like a feint in light of everything else in the report that would greatly increase income inequality while slowing economic growth.

About the authors

Josh Bivens is the research director at the Economic Policy Institute (EPI). Monique Morrissey is an economist at EPI. Mark Stelzner is visiting assistant professor of Economics at Connecticut College.

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References


Revenue Options to Support a Strong Foundation for Connecticut’s Future

April 2019

We can build a growing, inclusive economy that enables all families to thrive, provides quality education for all children from cradle to career, and offers the support services necessary so that all children have an equitable opportunity to reach their full potential.

To achieve this goal, Connecticut needs an adequate and equitable tax system.

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<td><strong>Personal Income Tax</strong></td>
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<td>Increase top two brackets of by 1%: 6.9% increased to 7.9% and 6.99% increased to 7.99%</td>
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<td><strong>Capital Gains and Dividends</strong></td>
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<td>Apply a higher rate on capital gains on top two personal income tax brackets: 6.9% increased to 8.5% and 6.99% increased to 10.75%</td>
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| 4 | - Do not repeal the Estate or Gift Tax  
   - Decouple Estate Tax from federal thresholds  
   - Lift $15 million cap | $200-500 million annually |
|   | **Return spending and appropriations decisions to Legislature** |
| 5 | Repeal the Bond Lock, address bond covenants, and adopt the prior Volatility Savings Policy. | Approximately $550 million in next biennial budget |
A Connecticut manufacturers group is preparing to lobby the General Assembly over several issues, including two particularly contentious pieces of legislation calling for a $15 minimum wage and paid family leave.

More than two dozen business owners, managers and others attended a presentation by the New Haven Manufacturers Association Thursday night in Woodbridge for a crash course from a Capitol lobbyist on the complicated legislative process. They also got tips on how to press their case on issues such as workforce development, economic policy and technology.

Paul Lavoie, general manager of Carey Manufacturing Inc., a Cromwell manufacturer of catches, latches and handles for military, aerospace, computer, electronics and other applications, criticized a Democratic proposal to establish a payroll tax of 0.5 percent to finance paid family leave of up to $1,000 a week for 12 weeks.

He said he has "no idea" how he’d replace a worker for three months at his family business. And he questioned costs to administer such a program.

"It makes Connecticut less competitive," Lavoie said. "Don’t make Connecticut less competitive than we already are." He also questioned legislation to raise the minimum wage in Connecticut to $15 an hour. Although manufacturing wages are typically higher, he said consumers should be prepared for higher prices.

“Get ready for your $5 Dunkin’ Donuts coffee,” Lavoie said.

Legislative Democrats announced Monday their seven top legislative priorities for 2019, including endorsing a paid family leave program and the increase in the minimum wage.

Senate President Pro Temp Martin Looney of New Haven said paid family leave is "our No. 1 priority" for the legislative session.

The minimum wage has been at the center of numerous battles in the past and, this year, the question will be over how fast it would increase to $15 an hour. Gov. Ned Lamont and fellow Democrats are calling for a phased-in increase. The minimum wage in Connecticut now is $10.10 an hour and, nationally, the hourly minimum wage is $7.25.

Melissa Biggs, a lawyer who represents manufacturers at the Capitol, advised them to talk to legislators about the prospect of automation that could lead to job cuts in response to a higher minimum wage. House Speaker Joe Aresimowicz said the rise in the minimum wage could be linked to the Consumer Price Index, but details must be worked out.

Democrats have a 92-59 advantage in the House and have a 23-13 majority in the Senate. Moderate Democrats want to see the full version of the legislation, including details. Rep. John Hampton, a Simsbury Democrat who has often opposed tax and spending increases proposed by former Gov. Dannel P. Malloy, said he’s "worried about the little businesses up and down Main Street."

Biggs said many pieces of legislation so far have yet to be fleshed out. Still, issues such as paid family leave that include a proposed tax increase give "everyone a gut reaction," she said before her presentation.

The Connecticut Manufacturers Collaborative, a coalition of regional and statewide manufacturing groups, said its 2019 priorities for the General Assembly are reducing the state tax burden by extending an apprenticeship tax credit, reducing or eliminating the estate tax and rejecting any proposed increase to the personal income tax.

Stephen Singer can be reached at ssinger@courant.com.
AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX CREDIT TO AFFECTED BUSINESS ENTITIES.

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

Section 1. Section 12-217g of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019, and applicable to income or taxable years commencing on or after January 1, 2019):

(a) (1) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter, chapter 228z or chapter 229, other than the liability imposed by section 12-707, for any income or taxable year with respect to each apprenticeship, up to a maximum of ten, in the manufacturing trades commenced by such taxpayer in such year under a qualified apprenticeship training program as described in subsection (d) of this section, certified in accordance with regulations adopted in accordance with the provisions of chapter 54 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 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 or taxable year with respect to each such apprenticeship may not exceed seven thousand five hundred dollars or fifty per cent of actual wages paid in such income 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] For income or taxable years commencing on [and] or after January 1, 2015, for purposes of this subsection, "taxpayer" includes an affected business entity, as defined in section 12-284b. [Any]

(2) (A) For taxable years commencing on or after January 1, 2015, but prior to January 1, 2019, 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 taxable years commencing on or after January 1, 2016, but prior to January 1, 2019, chapter 212 or 227, provided such credit may be sold, assigned or otherwise transferred, in whole or in part, not more than three times.

(B) For taxable years commencing on or after January 1, 2019, (i) if a taxpayer is an S corporation or an entity that is treated as a partnership for federal income tax purposes, the shareholders or partners of such taxpayer may claim the credit under this subsection, and (ii) if a 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.

(b) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter for any income year with respect to each apprenticeship in plastics and plastics-related trades commenced by such taxpayer in such year under a qualified apprenticeship training program as described in subsection (d) of this section, certified in accordance with regulations adopted in accordance with the provisions of chapter 54 by the Labor Commissioner and registered with
the Connecticut State Apprenticeship Council established under section 31-22n, which apprenticeship exceeds the average number of such apprenticeships begun by such taxpayer during the five income years immediately preceding the income year with respect to which such credit is allowed, in an amount equal to four dollars per hour multiplied by the total number of hours worked during the income 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 with respect to each such apprenticeship may not exceed four thousand eight hundred dollars or fifty per cent of actual wages paid in such income 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, provided each apprentice is paid at least the average wage earned by apprentices in the same industry. Each taxpayer claiming the credit under this subsection shall annually report their hourly apprenticeship wage rates to the Commissioner of Labor.

(c) There shall be allowed a credit for any taxpayer against the tax imposed under this chapter for any income year with respect to wages paid to apprentices in the construction trades by such taxpayer in such year that the apprentice and taxpayer participate in a qualified apprenticeship training program, as described in subsection (d) of this section, which (1) is at least four years in duration, (2) is certified in accordance with regulations adopted in accordance with the provisions of chapter 54 by the Labor Commissioner, and (3) is registered with the Connecticut State Apprenticeship Council established under section 31-22n. The tax credit shall be (A) in an amount equal to two dollars per hour multiplied by the total number of hours completed by each apprentice toward completion of such program, and (B) awarded upon completion and notification of completion of such program in the income year in which such completion and notification occur, provided the amount of credit allowed for such income year with respect to each such apprentice may not exceed four thousand dollars or fifty per cent of actual wages paid over the first four income years for such apprenticeship, whichever is less.

(d) For purposes of this section, a qualified apprenticeship training program shall require at least four thousand but not more than eight thousand hours of apprenticeship training for certification of such apprenticeship by the Connecticut State Apprenticeship Council. The amount of credit allowed any taxpayer under this section for any income or taxable year may not exceed the amount of tax due from such taxpayer under this chapter, chapter 228z or chapter 229, with respect to such income or taxable year.