



## Acts Affecting Business and Jobs

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## Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting businesses and jobs enacted during the 2019 regular session. Consequently, it does not summarize acts that affect only (1) specific types of businesses (e.g., garages or construction companies) or (2) business sectors covered in other Acts Affecting reports, such as those concerning agriculture, banking, housing and real estate, and insurance. OLR's other Acts Affecting reports are, or will soon be, available on OLR's website:

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Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden.

Complete summaries of public acts are, or will soon be, available on OLR's website:

<https://www.cga.ct.gov/olr/olrsums.asp>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: <http://www.cga.ct.gov>.

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## **Business Law and Practice**

### ***Business Filing Fees***

Beginning July 1, 2020, the biennial budget act increases, from \$20 to \$80, the fee that foreign and domestic limited partnerships, limited liability companies, and limited liability partnerships must pay for filing an annual report with the secretary of the state ([PA 19-117](#), §§ 344-346, effective July 1, 2019).

### ***Connecticut Business Registry***

The legislature made various changes to laws that govern certain business entities operating in the state. The changes primarily concern information that these entities must provide to the secretary of the state for the Connecticut Business Registry she maintains. Among other things, it requires (1) corporations or limited liability companies using a trade name to file their business name, identification number, and principal office address with the town clerk and (2) the secretary of the state to establish a trade name registry and collect trade name index information from town clerks ([PA 19-40](#), most provisions effective January 1, 2020).

### ***Cooperative Associations***

New legislation makes various changes to the laws governing cooperative associations (“co-ops”), including (1) reducing, from seven to three, the minimum number of individuals needed to organize a co-op; (2) increasing, from \$5 million to \$50 million, the maximum amount of capital stock a co-op may fix by its articles of association; and (3) allowing more discretion for distributing profits to a co-op’s shareholders ([PA 19-65](#), most provisions effective October 1, 2019).

### ***Model Food Code Implementation***

A new law extends by one year, from January 1, 2019, to January 1, 2020, the date by which the Department of Public Health must adopt the federal Food and Drug Administration’s Model Food Code as the state’s food code for regulating food establishments ([PA 19-118](#), § 23, effective July 1, 2019).

### ***“Veil Piercing” Claims***

“Veil piercing” is a common law doctrine that allows a court to impose personal liability on interest holders of an entity (e.g., a corporation) for the entity’s actions.

This year the legislature set specific limits on when a veil piercing claim can override statutory limitations on a domestic entity interest holder’s liability in connection with the entity’s

transactions. In doing so, it generally codified the “instrumentality test,” one of two methods Connecticut courts currently use to determine whether to grant a veil-piercing claim. The new legislation allows a court to override statutory limitations on an interest holder’s liability for an entity’s debt, obligation, or other liability only if the court makes certain findings, which the legislation specifies.

The legislation additionally prohibits “reverse veil piercing,” in which a domestic entity is held responsible for an interest holder’s debt, obligation, or other liability ([PA 19-181](#), effective upon passage and applicable to civil actions filed on or after that date).

## **Business Taxes**

### ***Business Entity Tax Sunset***

The biennial budget act sunsets the business entity tax beginning January 1, 2020. The tax is \$250, due every other taxable year, and is imposed on certain business entities (e.g., S corporations, limited partnerships, limited liability partnerships, and limited liability companies) ([PA 19-117](#), §§ 338 & 339, effective upon passage).

### ***Capital Base Tax Phase Out***

The biennial budget act phases out the capital base tax on corporations over four years, from 2021 to 2024. Currently, the tax rate is 3.1 mills per dollar of a corporation’s capital base (i.e., its net worth apportioned to Connecticut). Under the act, the rate decreases to 2.6 mills in 2021, 2.1 mills in 2022, 1.1 mills in 2023, and zero mills beginning in 2024 ([PA 19-117](#), § 340, effective upon passage).

### ***Corporation Business Tax Surcharge***

The legislature extended the 10% corporation business tax surcharge to the 2019 and 2020 income years. As under existing law, the surcharge for 2019 and 2020 applies to companies that have more than \$250 in corporation tax liability and either (1) have at least \$100 million in annual gross income in those years or (2) are taxable members of a combined group that files a combined unitary return, regardless of the amount of annual gross income.

Taxpayers are not subject to estimated tax payment requirements and interest on underpayments for the 2019 income year for any additional tax due as a result of the surcharge extension before the provision takes effect ([PA 19-117](#), §§ 341-343, effective upon passage and applicable to income years beginning on or after January 1, 2019).

### ***Pass-Through Entity Tax and Guaranteed Payments***

The pass-through entity (PE) tax is imposed on business entities that are treated as partnerships and S corporations for federal income tax purposes. This year the legislature expanded the PE tax base to include guaranteed payments with respect to a partnership. These are payments made to partners to compensate them for services rendered or use of capital that are unrelated to the partnership's income. This change applies to both the standard and alternative base method for calculating the tax ([PA 19-186](#), § 1, effective July 1, 2019, and applicable to tax years beginning on or after January 1, 2019).

### ***Pass-Through Entity Tax Estimated Payments***

Under a new law, entities with less than \$1,000 in annual PE tax liability are exempt from required quarterly estimated tax payments ([PA 19-186](#), § 2, effective July 1, 2019, and applicable to tax years beginning on or after January 1, 2019).

### ***Payroll Tax Information Return and Analysis***

Under a new law, the Department of Revenue Services (DRS) must collect data necessary to evaluate the implementation of an employer payroll tax beginning January 1, 2021. Under the law, DRS must develop and produce an information return form and, by August 15, 2019, mail the form to employers, excluding the federal government, state, municipalities, boards of education, tribal nations, and self-employed individuals. Employers must return it by October 1, 2019.

The new law also establishes a payroll commission composed of the DRS commissioner, Office of Policy and Management secretary, and Finance, Revenue and Bonding chairpersons and ranking members. The commission must analyze the data DRS collects from the information return forms and hold informational forums to educate its members and the public about the payroll tax proposal. It must report its recommendations and analysis to the Finance Committee by January 15, 2020 ([PA 19-117](#), § 385, effective upon passage).

### ***Reduced Tax Credit for Pass-Through Entity Tax Paid***

Existing law provides offsetting credits at the personal or corporate income tax level to a pass-through entity's members for PE tax they paid. Under prior law, the tax credit equaled a member's direct and indirect pro rata share of the tax paid by the pass-through business, multiplied by 93.01%. The biennial budget act reduces the value of the credit by reducing the multiplier to 87.5% ([PA 19-117](#), §§ 333 & 334, effective upon passage and applicable to taxable and income years beginning on or after January 1, 2019).

## ***Waiver of Penalties, Interest, and Taxes Due as a Result of the PE Tax***

New legislation requires the DRS commissioner to waive penalties, interest, and any additional tax due for late personal income or PE tax payments for the 2018 tax year if (1) such amounts were increased or created as a result of the PE tax's enactment and (2) taxpayers make the tax payments within one year of their due date. The commissioner may do so regardless of the law requiring the Penalty Review Committee to review and approve tax penalty waivers ([PA 19-186](#), § 33, effective upon passage).

## **Employment Law**

### ***Civil Air Patrol Employment Protection***

A new law prohibits an employer from discriminating against, disciplining, or discharging an employee because the employee is (1) a civil air patrol member or (2) absent from work responding to certain emergencies or training as a civil air patrol member. Among other things, it specifically allows an aggrieved employee to sue to recover damages and equitable relief in the Superior Court. Under the new law, the "civil air patrol" is the civilian auxiliary of the U. S. Air Force ([PA 19-95](#), effective October 1, 2019).

### ***Minimum Wage Increase***

This session the legislature enacted a law that increases the state's minimum hourly wage from its current \$10.10 to \$11.00 on October 1, 2019, and then by another \$1.00 every 11 months until it reaches \$15.00 on June 1, 2023. Beginning January 1, 2024, it indexes future annual minimum wage changes to the federal employment cost index.

However, the legislature also froze how much employers generally must pay as their share of the minimum wage for hotel and restaurant staff and bartenders (\$6.38 for hotel and restaurant staff, and \$8.23 for bartenders), as long as their tips make up the difference between the employer's share and the increasing minimum wage.

The legislature also changed the "training wage" that employers may pay to minors (i.e., employees younger than age 18). Prior law generally allowed employers to pay minors as low as 85% of the regular minimum wage for their first 200 hours of employment. Under the new law, however, employers may pay a training wage to minors for the first 90 days of their employment, but the training wage must be the greater of \$10.10 or 85% of the regular minimum wage ([PA 19-4](#), effective October 1, 2019, except the provision on tips is effective upon passage).



## ***Paid Family and Medical Leave***

This year the legislature created the Family and Medical Leave Insurance (FMLI) program to provide limited wage replacement benefits to certain employees taking leave for reasons allowed under the state's Family and Medical Leave Act (FMLA), which the legislature also amended. The new law generally provides these employees with up to 12 weeks of FMLI benefits over a 12-month period. The program is funded by employee contributions, with collections beginning in January 2021 and benefit payouts beginning in January 2022. It will be overseen by the Paid Family and Medical Leave Insurance Authority, a quasi-public agency that the new law establishes.

Starting on January 1, 2022, the new law also changes various provisions of the state's FMLA. Among other things, these changes (1) extend the FMLA to cover nearly all private-sector employers in the state; (2) lower the work threshold for an employee to qualify for job-protected leave; and (3) expand the types of family members for whom an employee can take FMLA leave to include the employee's siblings, grandparents, grandchildren, and others with whom the employee has a family-like relationship ([PA 19-25](#), as amended by [PA 19-117](#), §§ 232-235, effective upon passage, except provisions that affect the terms of the current FMLA are effective January 1, 2022).

## ***Unemployment Law Changes***

The legislature made several minor changes to the state's unemployment law. For claimants using a "special base period" (i.e., the first four of the five most recently worked quarters) to determine their benefits, new legislation requires that these special base period quarters be consecutive. It also limits the benefit eligibility penalty imposed on fraudulent claimants before October 1, 2013, to claims deemed payable before October 1, 2019.

The legislation also explicitly allows the labor commissioner, under his authority to administer the unemployment laws, to enter into a (1) consortium with other states and (2) contract or memorandum of understanding associated with the consortium ([PA 19-117](#), §§ 149-151, effective upon passage).

## ***Working Papers Exemption***

The law generally requires (1) employers to obtain a certificate showing the age of an employee younger than age 18 (i.e., "working papers") and (2) school superintendents, or their agents, to provide the certifications upon request. This year the legislature removed this requirement for individuals employed through a regional workforce development board's youth development program ([PA 19-117](#), §§ 97-98, effective July 1, 2019).

## ***Workplace Sexual Harassment***

This year the legislature made several changes to laws on workplace sexual harassment and related issues. These changes include the following:

1. expanding requirements for employers on training employees about sexual harassment laws and requiring the Commission on Human Rights and Opportunities (CHRO) to make related training materials available;
2. expanding the definition of “discriminatory practice” in the CHRO statutes to include an employer’s failure to provide sexual harassment training as required;
3. generally allowing employers to modify the conditions of an alleged harassment victim’s employment only with that person’s consent;
4. allowing employees more time to file a complaint with CHRO alleging employment discrimination, including sexual harassment;
5. increasing the fine for employers who fail to post notices about nondiscrimination laws; and
6. allowing CHRO representatives, under certain circumstances, to enter an employer’s business during normal business hours to examine the employer’s sexual harassment training materials and conduct compliance checks related to certain notice posting requirements ([PA 19-16](#), as amended by [PA 19-93](#), most provisions effective October 1, 2019).

## **Entrepreneurship**

### ***UConn Entrepreneurship and Economic Development***

The legislature made various changes related to entrepreneurship and economic development at UConn, including the following:

1. UConn’s president must spearhead efforts to promote the university’s entrepreneurship and innovation to prospective students and faculty;
2. the UConn Board of Trustees must freely license, and release for open, public use, all patents it holds that have not been licensed or used for commercialization for at least 10 years;
3. the president and board must build and foster a culture of innovation and entrepreneurship at UConn and build relationships with other higher education institutions; and
4. the president must oversee the development of a plan regarding technology transfer policies and entrepreneurship and innovation at UConn ([PA 19-154](#), effective July 1, 2019).

## **Government Contracting**

### ***Payment Due Date***

A new law reduces the timeframe in which state agencies, quasi-public agencies, and certain municipal contractors must pay a small contractor under the small and minority business set-aside program from 30 days to 25 days from the date payment is due ([PA 19-141](#), effective October 1, 2019).

### ***Set-Aside Program***

A new law increases the number of businesses and nonprofits eligible to bid on small contractor and minority business set-aside contracts by increasing the annual gross revenue limit for eligible small contractors from \$15 million to \$20 million.

By law, state agencies and certain municipal contractors must annually set-aside or reserve (1) 25% of their contracts for exclusive bidding by state certified “small contractors,” which include nonprofit organizations, and (2) 25% of that amount (6.25% of the total) for exclusive bidding by small contractors that are certified minority business enterprises (i.e., those owned or operated by women, people with disabilities, and minority group members) ([PA 19-117](#), § 348, effective October 1, 2019).

### ***State Contractor Prequalification***

A new law modifies the required contents of the application form used by the Department of Administrative Services (DAS) to prequalify state public works contractors. It requires applicants to additionally provide information concerning any legal or administrative proceedings concluded adversely against them, or their principals or key personnel, within the last five years concerning the nonpayment or underpayment of employee wages or benefits during the performance of any public or private construction contract. It removes a requirement for applicants to provide information on pending investigations and proceedings, thus conforming with current DAS practice ([PA 19-126](#), effective October 1, 2019).

## **Land Use and the Environment**

### ***Opportunity Zones***

The federal Opportunity Zone program, created as part of the 2017 federal Tax Cuts and Jobs Act (P.L. 115-97), is designed to spur economic development and job creation in distressed communities by providing federal tax benefits for private investments in the zones.

This session the legislature made various changes to the state's laws concerning the promotion and development of its 72 opportunity zones. A new law extends the historic structure rehabilitation tax credit's 30% credit to projects located in opportunity zones and requires the Department of Economic and Community Development (DECD) to give these projects preference. It also requires the DECD commissioner to prioritize projects located in opportunity zones when approving applications for (1) urban and industrial site reinvestment tax credits and (2) state financial assistance for brownfield remediation.

Among its other provisions, the new law also allows opportunity zone projects to receive assistance from DECD's Office of the Permit Ombudsman ([PA 19-54](#), effective upon passage for the tax credits and effective July 1, 2019, for the provisions concerning brownfields and the permit ombudsman).

### ***Plastic Bags***

The biennial budget act establishes a 10-cent fee on single-use plastic bags that stores provide to consumers at the point of sale. The new law requires that the fee be charged until June 30, 2021, after which stores are banned from providing the bags. Bags used for such things as meat or seafood, loose produce, unwrapped food, newspapers, or laundry or dry cleaning are exempt ([PA 19-117](#), § 355, effective August 1, 2019).

### ***Transfer Act***

Connecticut's property transfer law, commonly referred to as the "Transfer Act," regulates the transfer of real property on which, or a business operation from which, (1) hazardous waste was generated or processed or (2) a dry cleaning, furniture stripping, or vehicle body repair business operated. The Transfer Act generally requires (1) the disclosure of environmental conditions and (2) in some cases, investigation and remediation.

This year the legislature reduced the number of properties and businesses subject to the Transfer Act by narrowing the types of hazardous waste that trigger the act's application. The new law also (1) shortens, from three years to one year, the window for commencing audits of Transfer Act final verifications received on or after October 1, 2019, and (2) requires the Department of Energy and Environmental Protection to complete the audits within three years after receiving the final verification.

Lastly, the legislature created a working group to examine the Transfer Act and recommend potential changes to it ([PA 19-75](#), effective October 1, 2019, except the working group provision takes effect upon passage).

## **State Financial Assistance Recipients**

### ***First Five Plus Program Assistance***

The biennial budget act extends for four years (FYs 21 through 24) the time during which assistance provided under the First Five Plus program, through an agreement originally executed on December 22, 2011, is exempt from various statutory requirements (e.g., limits on the amount of credits taxpayers may claim against the insurance premiums tax) ([PA 19-117](#), § 384, effective upon passage).

### ***State Financial Assistance Whistleblowers***

This year the legislature expanded the state's whistleblower protection law to cover entities that receive state financial assistance under the commerce and economic and community development laws (e.g., from DECD or Connecticut Innovations). In general, the whistleblower law allows someone to report specific kinds of misconduct by state agencies or large state contractors to the state auditors of public accounts for investigation. Whistleblowers who believe they are being retaliated against may, among other actions, file a complaint with the chief human rights referee at the Commission of Human Rights and Opportunities ([PA 19-69](#), effective October 1, 2019).

## **Targeted Industry Development**

### ***Computer Science Training and Job Placement***

The legislature added computer science to the list of training and job placement areas in the Connecticut Employment and Training Commission's statewide plan for implementing, expanding, or improving upon career certificate, middle college, early college high school, and Early College Opportunity programs ([PA 19-128](#), § 8, effective July 1, 2019).

### ***Critical Construction Trades***

A new law requires the Technical Education and Career System (TECS) board to identify a list of critical construction trades that are essential to the construction workforce needs of the state. The list must be completed by October 1, 2019, and the TECS board must develop a plan to create new or expand existing programs in these critical construction trades by July 1, 2020. The new law also requires TECS, when considering new trade programs to offer at the technical high schools, to consider the need to diversify the trades with workers from underrepresented populations ([PA 19-130](#), §§ 4-5, effective July 1, 2019).

## ***Green Jobs Career Ladder***

This year the legislature required the Office of Workforce Competitiveness to establish a career ladder for jobs in the green technology industry that generally lists careers at each level of the industry, educational programs in green jobs offered in Connecticut, and green technology industry jobs available in the state. The Office of Higher Education and the Department of Labor must post the career ladder on their respective websites by July 1, 2020 ([PA 19-35](#), §§ 19 & 20, effective July 1, 2019).

## ***Hemp Production***

A new law requires the state agriculture commissioner to establish and operate a hemp research pilot program in Connecticut and prepare a hemp production state plan in accordance with federal law. The new law establishes licensing requirements, qualifications, and fees for hemp growers, processors, and manufacturers. It also establishes inspection and testing requirements for growers and processors, as well as independent testing requirements for manufacturers, to ensure that hemp plants and products comply with state and federal requirements ([PA 19-3](#), as amended by [PA 19-117](#), §§ 152-154, effective upon passage).

## ***Model Internship Program***

New legislation allows DECD to develop by July 1, 2020, and within available appropriations, a model internship program to help Connecticut businesses provide college internships in the fields of technology and advanced manufacturing. The department may make the model program available on its website ([PA 19-128](#), § 7, effective July 1, 2019).

## ***Promoting Connecticut as a Bioscience Hub***

A new law requires Connecticut Innovations (CI), by February 1, 2020, in consultation with a bioscience trade group, to contract with an advertising agency to create a marketing plan, social media campaign, and dedicated website to promote Connecticut as a bioscience hub. CI must report to the Commerce Committee by January 1, 2021, on the results of the marketing plan, campaign, and website ([PA 19-21](#), effective July 1, 2019).

## ***State Resources for High-Demand Industries***

A new law allows DECD, in consultation with other state agencies, to identify and coordinate state resources to meet the needs of industries with anticipated job growth. It also allows the department to coordinate with municipal leaders to develop a grant program to attract and retain recent graduates to high-demand fields and industries. The program may include internships, education

programs, incentives to attract mid-career workers, and fellowship programs ([PA 19-128](#), § 9, effective upon passage).

## **Sales and Use Tax**

### ***Certified Service Providers***

The biennial budget act requires the DRS commissioner to (1) consult with the Streamlined Sales Tax Governing Board to develop a list of certified service providers (CSP) to facilitate Connecticut sales tax collection and remittance and (2) develop a plan to implement the use of such CSPs for collecting, reporting, and remitting sales and use taxes. The plan may require that retailers use CSPs and must identify the costs to retailers for such services.

By February 5, 2020, the commissioner must submit the plan to the Finance, Revenue and Bonding Committee, along with a draft of proposed legislation to implement it ([PA 19-117](#), § 331, effective upon passage).

### ***Digital Goods and Certain Electronically Delivered Software***

The legislature increased the sales and use tax rate on digital goods and electronically delivered canned or prewritten software from 1% to 6.35%. Under prior law, both were considered computer and data processing services and were thus subject to the 1% rate for such services. As under existing law, canned or prewritten computer software delivered by other means is considered tangible personal property and thus subject to the 6.35% rate.

The legislation also establishes conditions under which sales of canned or prewritten software and digital goods or taxable services are considered “sales for resale” and thus exempt from sales tax ([PA 19-117](#), §§ 319-322, effective October 1, 2019, and applicable to sales occurring on or after that date).

### ***Expanded Sales Tax Nexus***

The biennial budget act lowers the threshold for the sales tax economic nexus law and broadens its application, thus expanding the number of out-of-state retailers making retail sales in the state that must collect and remit Connecticut sales tax.

Under prior law, out-of-state retailers that regularly and systematically solicited sales of tangible personal property in Connecticut had to collect and remit sales tax if (1) they made at least 200 Connecticut sales during the preceding 12-month period (ending September 30) and (2) their gross receipts were \$250,000 or more during that period. The new law (1) lowers the threshold to 200

transactions and \$100,000 in gross receipts during the 12-month period, (2) expands it to apply to out-of-state retailers making retail sales of services, and (3) eliminates the condition that such retailers be regularly or systematically soliciting sales in Connecticut.

The new law similarly lowers, from \$250,000 to \$100,000, the sales threshold over which retailers selling tangible personal property or services through certain agreements with people located in Connecticut must collect and remit sales tax on their in-state taxable sales ([PA 19-117](#), §§ 327 & 328, effective July 1, 2019, and applicable to sales occurring on or after that date).

### ***Interior Design Services***

The biennial budget act extends the sales and use tax to interior design services described in industry group 54141 of the North American Industry Classification System, excluding such services that are purchased by a business for use by such business. To qualify for this exemption, the purchaser must present a certificate, prescribed by the DRS commissioner, to the seller ([PA 19-117](#), §§ 325 & 326, effective January 1, 2020, and applicable to sales occurring on or after that date).

### ***Meals and Beverages***

The legislature increased the sales and use tax rate on sales of meals and beverages from 6.35% to 7.35%. The increased rate applies to sales of (1) meals sold by eating establishments, caterers, or grocery stores and (2) liquors, soft drinks, sodas, and beverages ordinarily dispensed at, or in connection with, bars and soda fountains ([PA 19-117](#), §§ 323-324, effective October 1, 2019, and applicable to sales occurring on or after that date).

### ***Safety Apparel***

The legislature eliminated the sales and use tax exemption for “safety apparel,” which prior law defined as clothing and protective equipment worn by employees at work ([PA 19-117](#), § 390, effective January 1, 2020).

## **Tax Credits and Incentives**

### ***7/7 Program Repeal***

The legislature repealed the 7/7 program, which authorized a package of state and local tax incentives for eligible property owners after they remediate, redevelop, and use formerly contaminated, abandoned, or underutilized properties. Under prior law, the incentives were available in two seven-year stages, with the second stage available only to owners of contaminated



and remediated properties ([PA 19-117](#), §§ 376 & 387, effective upon passage and applicable to tax years beginning on or after January 1, 2019).

### ***Angel Investor Tax Credit***

The biennial budget act extends the angel investor tax credit program by five years, from July 1, 2019, to July 1, 2024. It increases (1) from \$3 million to \$5 million, the aggregate amount of angel investor credits Connecticut Innovations (CI) may reserve each fiscal year and (2) from \$250,000 to \$500,000, the total amount of tax credits allowed to any angel investor.

By law, the amount of credits that CI may reserve each year for investments in emerging technology businesses is capped at 75% of the total amount of credits available that year, but CI may exceed the cap if any unreserved credits remain after April 1 in each year. The act authorizes CI to prioritize the unreserved credits for veteran-owned, women-owned, or minority-owned businesses and businesses owned by individuals with disabilities ([PA 19-117](#), § 347, effective July 1, 2019, and applicable to income and tax years beginning on or after January 1, 2019).

### ***Application of URA Tax Credits***

Under a new law, Urban and Industrial Sites Reinvestment Act (URA) tax credits may no longer be applied against the (1) ambulatory surgical center gross receipts tax, (2) dry cleaning gross receipts tax, and (3) public service companies tax. The credits continue to apply against the insurance premiums tax; corporation business tax; unrelated business income tax; air carriers tax; railroad companies tax; cable, satellite, and video companies tax; utility companies tax; and surplus lines brokers tax ([PA 19-186](#), § 9, effective upon passage and applicable to income years beginning on or after such date).

### ***Corporation Business Tax Credits Cap***

The biennial budget act reduces, from 70% to 50.01%, the amount by which a company may reduce its tax liability using research and development and URA credits. Under existing law, the 50.01% credit cap applies to all other corporation business tax credits ([PA 19-117](#), §349, effective upon passage and applicable to income years beginning on or after January 1, 2019).

### ***STEM Graduate Tax Credit Repeal***

The legislature repealed the refundable personal income tax credit for college graduates in science, technology, engineering, or math (STEM) fields. Under prior law, the annual credit amount was \$500, which qualifying graduates could claim in each of the five successive tax years after they

graduated ([PA 19-117](#), § 387, effective upon passage and applicable to tax years beginning on or after January 1, 2019).

### ***Student Loan Payment Business Tax Credit***

Under a new law, beginning with the 2022 income year, businesses can claim a credit against the corporation business or insurance premiums tax for making payments towards a qualified employee's student loans. The credit equals 50% of the amount an employer pays that is applied to an employee's outstanding principal balance on an eligible loan and is capped at \$2,625 per employee per year.

Eligible loans are those issued by the Connecticut Higher Education Supplemental Loan Authority to refinance student loans. Generally, qualified employees are Connecticut residents who (1) earned their first bachelor's degree within the last five years and (2) are working full time (at least 35 hours per week) at a corporation, insurer, or health care center that is licensed in Connecticut and subject to the applicable tax ([PA 19-86](#), effective January 1, 2022, and applicable to income years commencing on or after that date).

## **Workforce Development**

### ***Connecticut Apprenticeship and Education Committee***

This year the legislature made the following modifications to the education commissioner's committee to coordinate education on manufacturing careers for public school students:

1. renaming it the "Connecticut Apprenticeship and Education Committee" and modifying its membership;
2. broadening its scope to include the fields of insurance, health care, financial technology, biotechnology, STEM, construction trades, hospitality industries, and other appropriate industries;
3. changing the required information in the committee's annual report to include whether the state's apprenticeship programs are meeting residents' needs; and
4. extending the first reporting date to July 1, 2020 ([PA 19-68](#), effective upon passage).

### ***Disabilities and Employment Taskforce***

A new law creates a 14-member taskforce to study expanding existing employment assistance programs for people with disabilities and establishing financial incentives for businesses to employ more people with disabilities. The taskforce must report its findings to the legislature by February 1, 2020 ([SA 19-12](#), effective upon passage).

### ***Workforce Development for Veterans***

A new law requires the workforce development board for the state's southwest region (i.e., The WorkPlace, Inc.) to, among other things, (1) develop and operate two workforce development pilot programs for veterans within its region (i.e., the Military to Machinists program and the Veterans Platform to Employment Program) and (2) identify appropriate written materials on mental health conditions common to veterans to distribute to employers. The new law allows the southwest region workforce development board, in conjunction with other regional workforce development boards, to offer the pilot programs in other regions in the state ([PA 19-129](#), most provisions effective July 1, 2019).

### ***Workforce Pipeline and Job Creation Task Force***

A new law establishes an 11-member workforce pipeline and job creation task force to prepare the state's future workforce for well-paying manufacturing and technical jobs and to study apprenticeship availability and locations around the state. The task force must report to the Labor Committee by January 1, 2020 ([SA 19-6](#), effective upon passage).