
OLR Bill Analysis

sSB 3 (File 352, as amended by Senate "A")*

AN ACT CONCERNING DIVERSE ECONOMIC OPPORTUNITY, WORKER PROTECTIONS AND SMALL BUSINESS REVITALIZATION.

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*Senate Amendment "A" replaces the underlying bill. It eliminates, in their entirety, provisions from the underlying bill (1) requiring DECD studies and plans on advertising certain programs and job opportunities, provisional pardons and certificates of rehabilitation, connecting veterans to employment opportunities, the federal prison industry enhancement certification program, and the federal bonding program; (2) establishing a new small business micro-loan assistance

program; (3) establishing a tourism, lodging, and restaurant industry COVID-19 task force; and (4) modifying Community Reinvestment Act performance considerations. It adds provisions (1) requiring the DECD commissioner to report on the hospitality industry's recovery and (2) establishing a new vocational village program to provide skilled trades training to inmates. It also makes minor and technical changes.

EFFECTIVE DATE: Upon passage, unless otherwise noted.

§ 1 — STRANDED TAX CREDIT PROGRAM EXPANSION

Expands the state's stranded tax credit program by allowing businesses to exchange stranded R&D tax credits for human capital investments

By law, businesses can exchange accumulated (i.e., stranded) research and development (R&D) tax credits for undertaking certain in-state capital projects. The bill (1) allows businesses to do the same for making human capital investments and (2) makes various conforming changes to the stranded tax credit program.

As under the state's human capital investment tax credit program (CGS § 12-217x(a)), the bill defines "human capital investment" as:

1. in-state job training for in-state workers;
2. in-state work education programs (e.g., public high school programs and work education-diversified occupations programs);
3. worker training and education for in-state workers that in-state higher education institutions provide;
4. donations or capital contributions to in-state higher education institutions for improvements or technology advancements;
5. planning, site preparation, construction, renovation, or acquisition for the purpose of establishing an in-state child care center that will be primarily used by the children of in-state workers;
6. subsidies to in-state workers for in-state child care; and

7. contributions to the Individual Development Account Reserve Fund.

Existing law provides a 5% corporation tax credit for these human capital investments (CGS § 12-217x).

EFFECTIVE DATE: July 1, 2021, and applicable to income years beginning January 1, 2021.

§ 2 — PRIORITY APPLICANTS FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE

Requires the DECD commissioner to prioritize applicants for economic development assistance that demonstrate a willingness to make jobs available to individuals meeting certain criteria

The bill requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development financial assistance (i.e., DECD-approved grants, loans, loan guarantees, or combination) that demonstrate a willingness to make jobs available to certain individuals. These individuals include individuals with disabilities or who are:

1. unemployed;
2. low-income (i.e., whose family income is less than 300% of the federal poverty level for the previous calendar year);
3. dislocated workers (as defined in the federal Workforce Innovation and Opportunity Act of 2014 (P.L. 113-128));
4. training for nontraditional employment (i.e., occupations or fields in which employees from one gender comprise less than 25% of total employees);
5. veterans (i.e., members of the armed services or those discharged or released under honorable conditions from the U.S. Army, Navy, Marine Corps, Coast Guard, and Air Force and any reserve component of these branches, including the Connecticut National Guard performing duty under Title 32 of the U.S. Code (e.g., certain Homeland Security missions));

6. minorities (i.e., whose race is non-white or ethnicity is Hispanic or Latino, as defined by the federal Office of Management and Budget for use by the U.S. Census Bureau); or
7. women.

The bill gives the DECD commissioner discretion to determine whether applicants have demonstrated a willingness to make jobs available to the individuals described above. It also requires that any assistance provided be consistent with state or regional economic development strategies.

EFFECTIVE DATE: October 1, 2021

§ 3 — DECD REPORT ON HOSPITALITY INDUSTRY RECOVERY

Requires the DECD commissioner, in consultation with the DRS commissioner, to report on the hospitality industry's recovery from the COVID-19 pandemic

The bill requires the DECD commissioner, in consultation with the Department of Revenue Services commissioner, to periodically report to the Commerce Committee on the hospitality industry's recovery from the COVID-19 pandemic. The first report is due by July 1, 2021, and subsequent reports are due on a fiscal quarterly basis until June 30, 2022. The report may include regional assessments on this topic. "COVID-19" means the respiratory disease designated by the World Health Organization (WHO) on February 11, 2020, as coronavirus 2019, and any related WHO-recognized mutation as a communicable respiratory disease.

§ 4 — CI PLAN FOR INCREASING FUNDING THROUGH CERTAIN FEDERAL SMALL BUSINESS RESEARCH PROGRAMS

Requires CI, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program

The bill requires Connecticut Innovations (CI), in consultation with DECD, CTNext, and the Connecticut Center for Advanced Technology, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the federal (1) small business innovation research program and (2) small business technology transfer program.

By January 1, 2022, and annually thereafter, the DECD commissioner must report to the Commerce and Veterans' Affairs committees on the plan and its implementation.

§ 5 — DECD STUDY OF OPPORTUNITY ZONE FINANCIAL INCENTIVES

Requires the DECD commissioner to study the state's opportunity zone financial incentives

The bill requires the DECD commissioner to study the state's opportunity zone financial incentives. In conducting the study, DECD must compile a list of economically distressed opportunity zones in the state with the highest unemployment and poverty rates and the lowest median household income. The department must also analyze:

1. the financial incentives the state uses to support opportunity zone investments;
2. the specific economic development projects that these incentives have supported and an accounting of financial incentives the state has paid to date; and
3. the types of businesses that have used these incentives.

The bill requires the DECD commissioner to submit a report on the results of the study to the Commerce Committee by January 1, 2022. The study must include (1) a plan to incentivize investment in the identified economically distressed opportunity zones and (2) legislative proposals to implement this plan.

§ 6 — VOCATIONAL VILLAGE PROGRAM

Establishes a vocational village program, administered by DOC in consultation with DECD, to provide skilled trades training to inmates

The bill establishes a vocational village program, administered by the Department of Correction (DOC) commissioner in consultation with DECD, to provide skilled trades training to inmates. The program must provide inmates opportunities to earn nationally recognized industry certifications and credentials, including in computer coding, carpentry, computerized numerical control manufacturing, welding, electrical, heating, ventilation and air conditioning, and plumbing.

Under the bill, the DOC commissioner must:

1. establish program eligibility criteria and an inmate application process;
2. develop program objectives;
3. identify nationally recognized industry certifications to offer through the program;
4. develop and implement program curricula;
5. identify and use a suitable facility to operate the program;
6. obtain suitable staff, equipment, and educational materials for the program's operation; and
7. annually report on the program to the Judiciary and Commerce committees, with the first report due by January 1, 2022.

The bill also allows the DOC commissioner to (1) participate in the federal prison industry enhancement certification program or (2) partner with private sector entities to further the vocational village program objectives.

The bill requires the Office of Policy and Management (OPM) secretary to allocate funds to DOC for the program from the federal funds the state received pursuant to the Coronavirus Aid, Relief, or Economic Security Act (CARES Act, P.L. 116-136), the Coronavirus Response and Relief Supplemental Appropriations Act (P.L. 116-260), or the American Rescue Plan Act of 2021 (P.L. 117-2) (see BACKGROUND).

EFFECTIVE DATE: October 1, 2021

Background

Allocations of Federal COVID-19 Relief Funds

Special Act 21-1 establishes a process for legislative review and approval of most allocations of American Rescue Plan funds. Under

the act, the governor must submit to the legislature recommended allocations by April 26, 2021, and the Appropriations Committee must review them and recommend changes. The act requires that final allocations of the funds be authorized by a public or special act and prohibits the disbursement of funds prior to the passage of such an act. It also requires the OPM secretary to submit a report, by the same deadline, with a (1) full accounting of funds spent from the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act and (2) plan for disbursing any remaining funds.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 6 (03/22/2021)