



General Assembly

January Session, 2021

***Raised Bill No. 6632***

LCO No. 4914



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

***AN ACT CONCERNING THE INVEST CT FUND PROGRAM.***

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

1 Section 1. Section 38a-88a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 (a) As used in this section:

4 (1) "Facility" means an insurance business facility;

5 (2) "Insurance business" means a business with a North American  
6 Industry Classification System code of 524113 to 524298, inclusive, that  
7 is engaged in the business of insuring risks or of providing services  
8 necessary to the business of insuring risks;

9 (3) "New job" means a job that did not exist in the business of a subject  
10 insurance business in this state prior to the subject insurance business's  
11 application to the commissioner for an eligibility certificate under this  
12 section for a new facility and that is filled by a new employee, but does  
13 not include a job created when an employee is shifted from an existing

14 location of the subject insurance business in this state to a new facility;

15 (4) "New employee" means a person who resides in Connecticut and  
16 is hired by a subject insurance business to fill a position for a new job or  
17 a person shifted from an existing location of the subject insurance  
18 business outside this state to a new facility in this state, provided (A) in  
19 no case shall the total number of new employees allowed for purposes  
20 of this credit exceed the total increase in the taxpayer's employment in  
21 this state, which increase shall be the difference between (i) the number  
22 of employees employed by the subject insurance business in this state at  
23 the time of application for an eligibility certificate to the commissioner  
24 plus the number of new employees who would be eligible for inclusion  
25 under the credit allowed under this section without regard to this  
26 calculation, and (ii) the highest number of employees employed by the  
27 subject insurance business in this state in the year preceding the subject  
28 insurance business's application for an eligibility certificate to the  
29 commissioner, and (B) a person shall be deemed to be a "new employee"  
30 only if such person's duties in connection with the operation of the  
31 facility are on a regular, full-time, or equivalent thereof, and permanent  
32 basis;

33 (5) "New facility" means a facility [which] that (A) is acquired by,  
34 leased to, or constructed by, a subject insurance business on or after the  
35 date of the subject insurance business's application to the commissioner  
36 for an eligibility certificate under this section, unless, upon application  
37 of the subject insurance business and upon good and sufficient cause  
38 shown, the commissioner waives the requirement that such activity take  
39 place after the application, and (B) was not in service or use during the  
40 one-year period immediately prior to the date of the subject insurance  
41 business's application to [said] the commissioner for an eligibility  
42 certificate under this section, unless upon application of the subject  
43 insurance business and upon good and sufficient cause shown, the  
44 commissioner consents to waiving the one-year period;

45 (6) "Related person" means (A) a corporation, limited liability  
46 company, partnership, association or trust controlled by the taxpayer or

47 subject insurance business, as the case may be, (B) an individual,  
48 corporation, limited liability company, partnership, association or trust  
49 that is in control of the taxpayer or subject insurance business, as the  
50 case may be, (C) a corporation, limited liability company, partnership,  
51 association or trust controlled by an individual, corporation, limited  
52 liability company, partnership, association or trust that is in control of  
53 the taxpayer or subject insurance business, as the case may be, or (D) a  
54 member of the same controlled group as the taxpayer or subject  
55 insurance business, as the case may be. For purposes of this section,  
56 "control", with respect to a corporation, means ownership, directly or  
57 indirectly, of stock possessing fifty per cent or more of the total  
58 combined voting power of all classes of the stock of such corporation  
59 entitled to vote. "Control", with respect to a trust, means ownership,  
60 directly or indirectly, of fifty per cent or more of the beneficial interest  
61 in the principal or income of such trust. The ownership of stock in a  
62 corporation, of a capital or profits interest in a partnership or association  
63 or of a beneficial interest in a trust shall be determined in accordance  
64 with the rules for constructive ownership of stock provided in Section  
65 267(c) of the Internal Revenue Code of 1986, or any subsequent  
66 corresponding internal revenue code of the United States, as from time  
67 to time amended, other than paragraph (3) of Section 267(c) of said  
68 [internal revenue] code;

69 (7) "Moneys of the taxpayer" means all amounts invested in a fund,  
70 directly or indirectly, on behalf of a taxpayer, including but not limited  
71 to (A) direct investments made by the taxpayer, and (B) loans made to  
72 the fund for the benefit of the taxpayer which loans are guaranteed by  
73 the taxpayer, provided no amounts represented by any such loan shall  
74 be used for the purpose of obtaining any tax credit by any person  
75 making such loan against any tax levied by this state;

76 (8) "Income year" means (A) with respect to corporations subject to  
77 taxation under chapter 208, the income year as determined under said  
78 chapter, (B) with respect to insurance companies, hospital service  
79 corporations and medical service corporations subject to taxation under  
80 chapter 207, the income year as determined under said chapter, and (C)

81 with respect to taxpayers subject to taxation under chapter 229, the  
82 taxable year determined under chapter 229;

83 (9) "Taxpayer" means any person as defined in section 12-1, whether  
84 or not subject to any taxes levied by this state; and

85 (10) "Commissioner" means the Commissioner of Economic and  
86 Community Development.

87 (b) (1) On or before July 1, 2000, the commissioner shall register  
88 managers of funds created for the purpose of investing in insurance  
89 businesses. Any manager registered under this subsection shall have its  
90 primary place of business in this state. Each applicant shall submit an  
91 application under oath to the commissioner to be registered and shall  
92 furnish evidence satisfactory to the commissioner of its financial  
93 responsibility, integrity, and professional competence to manage  
94 investments. Failure to maintain adequate fiduciary standards shall  
95 constitute cause for the commissioner to revoke, after hearing, any  
96 registration granted under this section. The fund manager shall make a  
97 report on or before the first day of March in each year, under oath, to  
98 the Commissioner of Revenue Services specifying the name, address  
99 and Social Security number or employer identification number of each  
100 investor, the year during which each investment was made by each  
101 investor, the amount of each investment and a description of the fund's  
102 investment objectives and relative performance.

103 (2) There shall be allowed as a credit against the tax imposed under  
104 chapter 207, 208 or 229 or section 38a-743 an amount equal to the  
105 following percentage of the moneys of the taxpayer invested through a  
106 fund manager in an insurance business with respect to the following  
107 income years of the taxpayer: (A) With respect to the income year in  
108 which the investment in the subject insurance business was made and  
109 the two next succeeding income years, zero per cent; (B) with respect to  
110 the third full income year succeeding the year in which the investment  
111 in the subject insurance business was made and the three next  
112 succeeding income years, ten per cent; (C) with respect to the seventh

113 full income year succeeding the year in which the investment in the  
114 subject insurance business was made and the two next succeeding  
115 income years, twenty per cent. The sum of all tax [credit] credits granted  
116 pursuant to the provisions of this subsection shall not exceed fifteen  
117 million dollars with respect to investments made by a fund or funds in  
118 any single insurance business, and with respect to all investments made  
119 by a fund shall not exceed the total amount originally invested in such  
120 fund. Any fund manager may apply to the Commissioner of Economic  
121 and Community Development for a credit that exceeds the limitations  
122 established by this subdivision. The commissioner shall evaluate the  
123 benefits of such application and make recommendations to the General  
124 Assembly if [he] the commissioner determines that the proposal would  
125 be of economic benefit to the state.

126 (3) The credit allowed by this subsection may be claimed only by a  
127 taxpayer who has invested in an insurance business through a fund that  
128 (A) [which] has a total asset value of not less than thirty million dollars  
129 for the income year for which the initial credit is taken; (B) has not less  
130 than three investors who are not related persons with respect to each  
131 other or to any insurance business in which any investment is made  
132 other than through the fund at the date the investment is made; and (C)  
133 [which] invests only in insurance businesses that are not related persons  
134 with respect to each other.

135 (4) The credit allowed by this subsection may be claimed only with  
136 respect to a subject insurance business [which] that (A) occupies the new  
137 facility for which an eligibility certificate has been issued by the  
138 commissioner and with respect to which the certification required under  
139 subdivision (6) of this subsection has been issued as its home office, and  
140 (B) employs not less than twenty-five per cent of its total work force in  
141 new jobs.

142 (5) The credit allowed by this subsection may be claimed only with  
143 respect to an income year for which a certification of continued  
144 eligibility required under subdivision (6) of this subsection has been  
145 issued. If, with respect to any year for which a tax credit is claimed, any

146 subject insurance business ceases at any time to employ at least twenty-  
147 five per cent of its total work force in new jobs, then, except as provided  
148 in subdivision (6) of this subsection, the entitlement to the credit allowed  
149 by this subsection shall not be allowed for the taxable year in which such  
150 employment ceases, and there shall not be a pro rata application of the  
151 credit to such taxable year, [; provided,] except that if the reason for such  
152 cessation is the dissolution, liquidation or reorganization of such  
153 insurance business in a bankruptcy or delinquency proceeding, as  
154 defined in section 38a-905, the credit shall be allowed.

155 (6) The commissioner, upon application, shall issue an eligibility  
156 certificate for an insurance business occupying a new facility in this state  
157 and employing new employees, after it has been established [,] to [his]  
158 the commissioner's satisfaction [,] that the subject insurance business  
159 has complied with the provisions of this subsection. If the commissioner  
160 determines that such requirements have been met as a result of  
161 transactions with a related person for other than bona fide business  
162 purposes, [he] the commissioner shall deny such application. The  
163 commissioner shall require the subject insurance business to submit  
164 annually such information as may be necessary to determine whether  
165 the appropriate occupancy and employment requirements have been  
166 met at all times during an income year. If the commissioner determines  
167 that such requirements have been so met, [he] the commissioner shall  
168 issue a certification of continued eligibility to that effect to the subject  
169 insurance business on or before the first day of the third month  
170 following the close of the subject insurance business's income year.

171 (7) The commissioner shall, upon request, provide a copy of the  
172 eligibility certificate and the certification required under subdivision (6)  
173 of this subsection to the Commissioner of Revenue Services.

174 (8) (A) If (i) the number of new employees on account of which a  
175 taxpayer claimed the credit allowed by this subsection decreases to less  
176 than twenty-five per cent of its total work force for more than sixty days  
177 during any of the taxable years for which a credit is claimed, (ii) those  
178 employees are not replaced by other employees who have not been

179 shifted from an existing location of the subject insurance business in this  
180 state, and (iii) the subject insurance business has relocated operations  
181 conducted in the new facility to a location outside this state, the taxpayer  
182 shall be required to recapture a percentage, as determined under the  
183 provisions of subparagraph (B) of this subdivision, of the credit allowed  
184 under this subsection on its tax return and no subsequent credit shall be  
185 allowed. If the credit claimed by the taxpayer under this subsection is  
186 attributable to investments made in more than one insurance business,  
187 the credit recaptured and disallowed under this subdivision shall be  
188 that portion of the credit attributable to the investment in the insurance  
189 business as described in subparagraphs (A)(i) to (A)(iii), inclusive, of  
190 this subdivision.

191 (B) If the taxpayer is required under the provisions of subparagraph  
192 (A) of this subdivision to recapture a portion of the credit during (i) the  
193 first year such credit was claimed, then ninety per cent of the credit  
194 allowed shall be recaptured on the tax return required to be filed for  
195 such year, (ii) the second of such years, then sixty-five per cent of the  
196 credit allowed for the entire period of eligibility shall be recaptured on  
197 the tax return required to be filed for such year, (iii) the third of such  
198 years, then fifty per cent of the credit allowed for the entire period of  
199 eligibility shall be recaptured on the tax return required to be filed for  
200 such year, (iv) the fourth of such years, then thirty per cent of the credit  
201 allowed for the entire period of eligibility shall be recaptured on the tax  
202 return required to be filed for such year, (v) the fifth of such years, then  
203 twenty per cent of the credit allowed for the entire period of eligibility  
204 shall be recaptured on the tax return required to be filed for such year,  
205 and (vi) the sixth or subsequent of such years, then ten per cent of the  
206 credit allowed for the entire period of eligibility shall be recaptured on  
207 the tax return required to be filed for such year. Any credit recaptured  
208 pursuant to this subdivision shall not be in excess of the credit that  
209 would be allowed for the applicable investment. The Commissioner of  
210 Revenue Services may recapture such credits from the taxpayer who has  
211 claimed such credits. If the commissioner is unable to recapture all or  
212 part of such credits from such taxpayer, the commissioner may seek to

213 recapture such credits from any taxpayer who has assigned such credits  
214 to another taxpayer. If the commissioner is unable to recapture all or  
215 part of such credits from any such taxpayer, the commissioner may  
216 recapture such credits from the fund.

217 (C) The recapture provisions of this subdivision shall not apply and  
218 tax credits may continue to be claimed under this subsection if, for the  
219 entire period that the credit is applicable, such decrease in the  
220 percentage of total work force employed in this state does not result in  
221 an actual decrease in the number of persons employed by the subject  
222 insurance business in this state on a regular, full-time, or equivalent  
223 thereof, and permanent basis as compared to the number of new  
224 employees on account of which the taxpayer claimed the credit allowed  
225 by this subsection.

226 (c) (1) As used in this subsection:

227 (A) "Allocation date" means the date an invest CT fund receives an  
228 investment of eligible capital equaling the amount of credits against the  
229 tax imposed under chapter 207 and section 38a-743 allocated to  
230 taxpayers who invest in such invest CT fund;

231 (B) "Cybersecurity business" means an eligible business primarily  
232 engaged in providing information technology products, goods or  
233 services intended to detect, prevent or respond to activity intended to  
234 result in unauthorized access to, exfiltration of, manipulation of, or  
235 impairment to the integrity, confidentiality or availability of an  
236 information technology system or information stored on, or transiting,  
237 an information technology system;

238 (C) "Eligible business" means a business that has its principal  
239 business operations in Connecticut, has fewer than two hundred fifty  
240 employees at the time of investment and not more than ten million  
241 dollars in net income in the previous year;

242 (D) "Eligible capital" means an investment of cash by a taxpayer in an  
243 invest CT fund that fully funds the purchase price of an equity interest



244 in the invest CT fund or an eligible debt instrument issued by an invest  
245 CT fund, at par value or a premium, that (i) has an original maturity  
246 date of at least five years after the date of issuance, (ii) has a repayment  
247 schedule that is not faster than a level principal amortization over five  
248 years, and (iii) has no interest, distribution or payment features tied to  
249 the invest CT fund's profitability or the success of the investments;

250 (E) "Green technology business" means an eligible business with not  
251 less than twenty-five per cent of its employment positions being  
252 positions in which green technology is employed or developed and may  
253 include the occupation codes identified as green jobs by the Department  
254 of Economic and Community Development and the Labor Department  
255 for such purposes;

256 (F) "Income year" means the income year as determined [in] under  
257 chapter 207 for the taxpayer;

258 (G) "Invest CT fund" means a Connecticut partnership, corporation,  
259 trust or limited liability company, whether organized on a profit or not-  
260 for-profit basis, that (i) is managed by at least two principals or persons  
261 that have at least four years of experience each in managing venture  
262 capital or private equity funds, with at least fifty million dollars of such  
263 funds from people unaffiliated with the manager, (ii) has received an  
264 equity investment of capital other than eligible capital equal to no less  
265 than five per cent of the total amount of the eligible capital to be invested  
266 in such invest CT fund on or before June 30, 2015, and equal to not less  
267 than ten per cent of the total amount of eligible capital to be invested in  
268 such invest CT fund on or after September 1, 2015, and (iii) is not, or will  
269 not be after the receipt of eligible capital, controlled by or under  
270 common control with, one or more insurance companies. An investment  
271 of eligible capital shall not result in insurance company control unless  
272 such investment exceeds forty million dollars per taxpayer and results  
273 in insurance companies having the right to vote more than fifty per cent  
274 of the equity interests of the invest CT fund cash invested in such invest  
275 CT fund, provided this provision shall not prohibit the interim control  
276 of an invest CT fund by one or more insurance companies upon a breach

277 of any payment obligation of the invest CT fund or contractual or other  
278 agreement by the invest CT fund that is designed to ensure compliance  
279 with this section; and

280 (H) "Principal business operations" means at least eighty per cent of  
281 the business organization's employees reside in the state or eighty per  
282 cent of the business payroll is paid to individuals living in this state.

283 (2) A taxpayer that makes an investment of eligible capital shall, in  
284 the year of investment, earn a vested credit against the premium tax  
285 imposed pursuant to chapter 207 and section 38a-743. Such credit shall  
286 be available as follows: (A) With respect to investments of eligible  
287 capital made on or before June 30, 2015, (i) commencing with the tax  
288 return due for the first to third, inclusive, tax years, zero per cent; (ii)  
289 commencing with the tax return due for the fourth to seventh, inclusive,  
290 tax years, not more than ten per cent; and (iii) commencing with the tax  
291 return due for the eighth to tenth, inclusive, tax years, not more than  
292 twenty per cent; and (B) with respect to investments of eligible capital  
293 made on or after September 1, 2015, (i) commencing with the tax return  
294 due for the first to fifth, inclusive, tax years, zero per cent; and (ii)  
295 commencing with the tax return due for the sixth to tenth, inclusive, tax  
296 years, not more than twenty per cent. The maximum amount of eligible  
297 capital for which credits may be allowed under this subsection shall not  
298 result in more than forty million dollars of tax credits being used in any  
299 one year exclusive of any carried forward credits and no fund shall  
300 apply for more than the total amount of credits available under this  
301 [section] subsection.

302 (3) (A) (i) On or before July 1, 2010, the Commissioner of Economic  
303 and Community Development shall begin to accept applications for  
304 certification as an invest CT fund and for allocations of tax credits under  
305 this subsection with allocation dates of June 30, 2015, or earlier.

306 (ii) On and after September 1, 2015, the commissioner shall accept  
307 applications for certification as an invest CT fund and for allocations of  
308 tax credits under this subsection with allocation dates of September 1,

309 2015, or later.

310 (B) Applications shall include:

311 [(A)] (i) The amount of eligible capital the applicant will raise;

312 [(B) a] (ii) A nonrefundable application fee of seven thousand five  
313 hundred dollars;

314 [(C) evidence] (iii) Evidence of satisfaction of the requirements of the  
315 definition of "invest CT fund" pursuant to subparagraph (G) of  
316 subdivision (1) of this subsection;

317 [(D) an] (iv) An affidavit by each taxpayer committing an investment  
318 of eligible capital;

319 [(E) a] (v) A business plan detailing [(i)] (I) the approximate  
320 percentage of eligible capital the applicant will invest in eligible  
321 businesses by the third, fifth, seventh and ninth anniversaries of its  
322 allocation date, [(ii)] (II) the industry segments listed by the North  
323 American Industrial Classification System code and percentage of  
324 eligible capital in which the applicant will invest, [(iii)] (III) the number  
325 of jobs that will be created or retained as a result of the applicant's  
326 investments once all eligible capital has been invested, [(iv)] (IV) the  
327 percentage of eligible capital to be invested in eligible businesses  
328 primarily engaged in conducting research and development or  
329 manufacturing, processing or assembling technology-based products,  
330 and [(v)] (V) a revenue impact assessment demonstrating that the  
331 applicant's business plan has a revenue neutral or positive impact on the  
332 state;

333 [(F)] (vi) With respect to applications submitted before September 1,  
334 2021, a commitment to invest at least twenty-five per cent of its eligible  
335 capital in green technology businesses;

336 [(G) with] (vii) With respect to applications submitted on or before  
337 June 30, 2015, a commitment to invest, by the third anniversary of its  
338 allocation date, three per cent of its eligible capital in preseed

339 investments, and with respect to applications submitted on or after  
340 September 1, 2015, a commitment to invest, by the fourth anniversary of  
341 the allocation date, seven per cent of its eligible capital in preseed  
342 investments, in consultation with Connecticut Innovations,  
343 Incorporated, pursuant to the corporation's program for preseed  
344 financing established pursuant to section 32-41x; [and]

345 [(H) with] (viii) With respect to applications submitted on or after  
346 September 1, 2015, and before September 1, 2021, a commitment to  
347 invest at least three per cent of its eligible capital in cybersecurity  
348 businesses and at least twenty-five per cent of its eligible capital in  
349 eligible businesses located in municipalities with a population greater  
350 than eighty thousand. The commissioner may require the applicant to  
351 obtain a revenue impact assessment conducted by an independent third  
352 party; and

353 (ix) With respect to applications submitted on or after September 1,  
354 2021, a commitment to invest at least twenty-five per cent of its eligible  
355 capital in eligible businesses located in municipalities with a population  
356 greater than eighty thousand.

357 (4) Applications for tax credits pursuant to this subsection shall be  
358 accepted and approved on a first-come, first-served basis with all  
359 applications received on the same date deemed to be received  
360 simultaneously and approvals being made on a pro rata basis if such  
361 applications exceed the amount of remaining credits.

362 (5) The commissioner shall issue an allocation of credits subject to  
363 confirmation by the fund on a form prescribed by the commissioner that  
364 an investment of eligible capital was received within five business days.  
365 If an invest CT fund does not receive an investment of eligible capital  
366 equaling the amount of credits against the tax imposed under chapter  
367 207 and section 38a-743 allocated to a taxpayer, for which it filed an  
368 affidavit with its application prior to the fifth business day after receipt  
369 of certification, the invest CT fund shall notify the commissioner by  
370 overnight common carrier delivery service and that portion of eligible

371 capital allocated to the insurance company shall be forfeited. Such invest  
372 CT fund and forfeiting taxpayer shall each be assessed a twenty-five-  
373 thousand-dollar administrative penalty. The commissioner shall  
374 reallocate the forfeited eligible capital among all other remaining  
375 taxpayers that invested eligible capital.

376 (6) ~~(A)~~ To continue to be certified, an invest CT fund shall:

377 ~~[(A) be] (i) Be~~ in compliance with the investment parameters set forth  
378 in its business plan, provided an invest CT fund may apply to the  
379 commissioner to amend its business plan based on unavoidable or  
380 reasonably unanticipated changes to various conditions, including, but  
381 not limited to, the general economic climate of the state or particular  
382 sectors of the economy, technological advances and high employment  
383 and revenue growth opportunities, with approval for such changes not  
384 to be unreasonably withheld by the commissioner;

385 ~~[(B) be] (ii) Be~~ in compliance with the revenue impact assessment  
386 provided in the application demonstrating that the fund's business plan  
387 continues to have a revenue neutral or positive impact on the state;

388 ~~[(C) have] (iii) Have~~ invested one hundred per cent of its eligible  
389 capital in eligible businesses by the tenth anniversary of its allocation  
390 date and for allocation dates of August 31, 2021, or earlier, with a  
391 minimum of twenty-five per cent of eligible capital invested in green  
392 technology businesses;

393 ~~[(D) for] (iv) For~~ allocation dates of June 30, 2015, or earlier: ~~[(i)] (I)~~  
394 Have invested sixty per cent of its eligible capital in eligible businesses  
395 by the fourth anniversary of such allocation date, and ~~[(ii)] (II)~~ have  
396 invested a minimum of three per cent of such eligible capital in preseed  
397 investments, as described in subdivision (3) of this subsection, by the  
398 third anniversary of such allocation date; ~~[and]~~

399 ~~[(E) for] (v) For~~ allocation dates of September 1, 2015, or later ~~[: (i)]~~  
400 and before September 1, 2021: (I) Have invested sixty per cent of its  
401 eligible capital in eligible businesses by the sixth anniversary of such

402 allocation date, [(ii)] (II) have invested a minimum of seven per cent of  
403 its eligible capital in preseed investments, as described in subdivision  
404 (3) of this subsection, by the fourth anniversary of such allocation date,  
405 [(iii)] (III) have invested a minimum of three per cent of its eligible  
406 capital in cybersecurity businesses, and [(iv)] (IV) have invested a  
407 minimum of twenty-five per cent of its eligible capital in eligible  
408 businesses located in municipalities with a population greater than  
409 eighty thousand; and

410 (vi) For allocation dates of September 1, 2021, or later: (I) Have  
411 invested sixty per cent of its eligible capital in eligible businesses by the  
412 sixth anniversary of such allocation date, (II) have invested a minimum  
413 of seven per cent of its eligible capital in preseed investments, as  
414 described in subdivision (3) of this subsection, by the fourth anniversary  
415 of such allocation date, and (III) have invested a minimum of twenty-  
416 five per cent of its eligible capital in eligible businesses located in  
417 municipalities with a population greater than eighty thousand.

418 (B) An invest CT fund shall only invest eligible capital in eligible  
419 businesses, bank deposits, certificates of deposit or other fixed income  
420 securities and may not invest more than fifteen per cent of its eligible  
421 capital in any one eligible business without prior approval of the  
422 commissioner. The commissioner may approve a request to consider a  
423 business as eligible that does not meet the requirements of an eligible  
424 business, as defined in subparagraph (C) of subdivision (1) of this  
425 subsection, in order to achieve significant job creation or other  
426 substantial economic impact to the state, as both are determined by the  
427 commissioner.

428 (7) Not later than January thirty-first annually, each invest CT fund  
429 shall report to the commissioner: (A) The amount of eligible capital  
430 remaining at the end of the preceding year; (B) each investment in an  
431 eligible business during the preceding year and, with respect to each  
432 eligible business, its location and North American Industrial  
433 Classification System code; (C) the percentage of eligible capital  
434 invested in green technology businesses, if applicable, preseed

435 investments, cybersecurity businesses, if applicable, and eligible  
436 businesses located in municipalities with a population greater than  
437 eighty thousand; and (D) distributions made by the invest CT fund in  
438 the preceding year. In the annual report due in the third, fifth, seventh  
439 and ninth years after its allocation date, each invest CT fund shall also  
440 report to the commissioner its compliance with the investment  
441 parameters set forth in its business plan and the revenue impact  
442 assessment provided in the application demonstrating that the fund's  
443 business plan continues to have a revenue neutral or positive impact on  
444 the state. Each invest CT fund shall provide to the commissioner annual  
445 audited financial statements.

446 (8) (A) To make a distribution or payment, except a distribution or  
447 payment set forth in subdivision (9) of this subsection, an invest CT fund  
448 certified by the commissioner on or before June 30, 2015, must have  
449 invested one hundred per cent of its eligible capital in eligible  
450 businesses, with a minimum of twenty-five per cent of eligible capital  
451 invested in green technology businesses and a minimum of three per  
452 cent of eligible capital invested in preseed investment, as described in  
453 subdivision (3) of this subsection, with principal business operations in  
454 this state at the time of such determination. [except: (A) Distributions  
455 related to the payment of any projected increase in federal or state taxes,  
456 including penalties and interest related to state and federal income  
457 taxes, of the equity owners of the invest CT fund resulting from the  
458 earnings or other tax liability of the invest CT fund to the extent that the  
459 increase is related to the ownership, management or operation of the  
460 invest CT fund; (B) payments of interest and principal on the debt of the  
461 invest CT fund, provided after such payment, the invest CT fund still  
462 has cash and other marketable securities in an amount that, when added  
463 to the cumulative investments it has made in eligible recipients, equals  
464 not less than sixty per cent of the eligible capital invested in such  
465 reinvestment fund; or (C) payments related to the reasonable costs and  
466 expenses of forming, syndicating, managing and operating the fund,  
467 provided the distribution or payment is not made directly or indirectly  
468 to an insurance company that has invested eligible capital in the invest

469 CT fund, including: (i) Reasonable and necessary fees paid for  
470 professional services, including legal and accounting services, related to  
471 the formation and operation of the invest CT fund; and (ii) an annual  
472 management fee in an amount that does not exceed two and one-half  
473 per cent of the eligible capital of the invest CT fund. The state shall  
474 receive a share of any distribution, except as set forth in subparagraphs  
475 (A), (B) and (C) of this subdivision and distributions made to return any  
476 equity capital invested in the invest CT fund that is not eligible capital,  
477 in the following percentages: (I) Ten per cent when less than eighty per  
478 cent but more than sixty per cent of the jobs set forth in the invest CT  
479 fund's business plan are created or retained, and (II) twenty per cent  
480 when sixty per cent or less of the jobs set forth in the invest CT fund's  
481 business plan are created or retained.]

482 [(9)] (B) To make a distribution or payment, except a distribution or  
483 payment set forth in subdivision (9) of this subsection, an invest CT fund  
484 certified by the commissioner on or after September 1, 2015, and before  
485 September 1, 2021, must have invested one hundred per cent of its  
486 eligible capital in eligible businesses, with a minimum of twenty-five  
487 per cent of eligible capital invested in green technology businesses, a  
488 minimum of seven per cent of eligible capital invested in preseed  
489 investments, as described in subdivision (3) of this subsection, a  
490 minimum of three per cent of eligible capital invested in cybersecurity  
491 businesses, and a minimum of twenty-five per cent of eligible capital  
492 invested in businesses located in municipalities with a population  
493 greater than eighty thousand, with principal business operations in this  
494 state at the time of such determination. [, except: (A) Distributions  
495 related to the payment of any projected increase in federal or state taxes,  
496 including penalties and interest related to state and federal income  
497 taxes, of the equity owners of the invest CT fund resulting from the  
498 earnings or other tax liability of the invest CT fund to the extent that the  
499 increase is related to the ownership, management or operation of the  
500 invest CT fund; (B) payments of interest and principal on the debt of the  
501 invest CT fund, provided after such payment, the invest CT fund still  
502 has cash and other marketable securities in an amount that, when added



503 to the cumulative investments it has made in eligible recipients, equals  
504 not less than sixty per cent of the eligible capital invested in such  
505 reinvestment fund; or (C) payments related to the reasonable costs and  
506 expenses of forming, syndicating, managing and operating the fund,  
507 provided the distribution or payment is not made directly or indirectly  
508 to an insurance company that has invested eligible capital in the invest  
509 CT fund, including: (i) Reasonable and necessary fees paid for  
510 professional services, including legal and accounting services, related to  
511 the formation and operation of the invest CT fund; and (ii) an annual  
512 management fee in an amount that does not exceed two and one-half  
513 per cent of the eligible capital of the invest CT fund. The state shall  
514 receive a share of any distribution, except as set forth in subparagraphs  
515 (A), (B) and (C) of this subdivision and distributions made to return any  
516 equity capital invested in the invest CT fund that is not eligible capital,  
517 in the following percentages: (I) Ten per cent when less than eighty per  
518 cent but more than sixty per cent of the jobs set forth in the invest CT  
519 fund's business plan are created or retained, and (II) twenty per cent  
520 when sixty per cent or less of the jobs set forth in the invest CT fund's  
521 business plan are created or retained.]

522 (C) To make a distribution or payment, except a distribution or  
523 payment set forth in subdivision (9) of this subsection, an invest CT fund  
524 certified by the commissioner on or after September 1, 2021, must have  
525 invested one hundred per cent of its eligible capital in eligible businesses  
526 with a minimum of seven per cent of its eligible capital in preseed  
527 investments, as described in subdivision (3) of this subsection, and a  
528 minimum of twenty-five per cent of its eligible capital in eligible  
529 businesses located in municipalities with a population greater than  
530 eighty thousand.

531 (9) (A) The provisions of subdivision (8) of this subsection shall not  
532 apply to:

533 (i) Distributions related to the payment of any projected increase in  
534 federal or state taxes, including penalties and interest related to state  
535 and federal income taxes, of the equity owners of the invest CT fund

536 resulting from the earnings or other tax liability of the invest CT fund to  
537 the extent that the increase is related to the ownership, management or  
538 operation of the invest CT fund;

539 (ii) Payments of interest and principal on the debt of the invest CT  
540 fund, provided, after such payment, the invest CT fund still has cash  
541 and other marketable securities in an amount that, when added to the  
542 cumulative investments it has made in eligible recipients, equals not less  
543 than sixty per cent of the eligible capital invested in such reinvestment  
544 fund; or

545 (iii) Payments related to the reasonable costs and expenses of  
546 forming, syndicating, managing and operating the fund, provided the  
547 distribution or payment is not made directly or indirectly to an  
548 insurance company that has invested eligible capital in the invest CT  
549 fund, including: (I) Reasonable and necessary fees paid for professional  
550 services, including legal and accounting services, related to the  
551 formation and operation of the invest CT fund, and (II) an annual  
552 management fee in an amount that does not exceed two and one-half  
553 per cent of the eligible capital of the invest CT fund.

554 (B) The state shall receive a share of any distribution made pursuant  
555 to subdivision (8) of this subsection, except distributions made to return  
556 any equity capital invested in the invest CT fund that is not eligible  
557 capital, in the following percentages: (i) Ten per cent when less than  
558 eighty per cent but more than sixty per cent of the jobs set forth in the  
559 invest CT fund's business plan are created or retained, and (ii) twenty  
560 per cent when sixty per cent or less of the jobs set forth in the invest CT  
561 fund's business plan are created or retained.

562 (10) The commissioner shall review each annual report to ensure  
563 compliance with subdivisions (6), (7), (8) and (9) of this subsection. A  
564 material variation from subdivision (6), (7), (8) or (9) of this subsection  
565 [is] shall be grounds for decertification of the invest CT fund. If the  
566 commissioner determines that an invest CT fund is not in compliance  
567 with subdivision (6), (7), (8) or (9) of this subsection or the investment

568 parameters of its business plan, the commissioner shall notify the  
569 officers of the invest CT fund, in writing, that the invest CT fund may  
570 be subject to decertification after the one hundred twentieth day after  
571 the date of mailing the notice, unless the deficiencies are waived by the  
572 commissioner or are corrected and the invest CT fund returns to  
573 compliance with subdivisions (6), (7), (8) and (9) of this subsection.

574 (11) Decertification of an invest CT fund shall cause the forfeiture of  
575 future credits against the tax imposed by chapter 207 and section 38a-  
576 743 to be claimed with respect to an invest CT fund when (A) such  
577 decertification occurs on or before the fourth anniversary of an  
578 allocation date of June 30, 2015, or earlier, or on or before the sixth  
579 anniversary of an allocation date of September 1, 2015, or later, and (B)  
580 such fund has invested less than sixty per cent of its eligible capital in  
581 eligible businesses by said anniversary. The commissioner shall send  
582 written notice to the last-known address of each taxpayer whose credit  
583 against the tax imposed by chapter 207 is subject to recapture or  
584 forfeiture.

585 (d) ~~(1)~~ The tax ~~[credit]~~ credits allowed by this section shall only be  
586 available for investments ~~[(1)]~~ (A) in funds that are not open to  
587 additional investments or investors beyond the amount subscribed at  
588 the formation of the fund, or ~~[(2)]~~ (B) under subsection (c) of this section,  
589 in invest CT funds that are not open to additional investments or  
590 investors after submission of the invest CT fund's application to the  
591 commissioner pursuant to subsection (c) of this section.

592 (2) On and after June 30, 2010, no eligibility certificate shall be  
593 provided under subdivision (6) of subsection (b) of this section for  
594 investments made in an insurance business.

595 (3) On ~~[or]~~ and after July 1, 2011, no credit shall be allowed under  
596 subdivision (2) or (6) of subsection (b) of this section for an investment  
597 of less than one million dollars for which the commissioner has issued  
598 an eligibility certificate. A fund manager who has received an eligibility  
599 certificate but is not yet eligible to receive a certificate of continued

600 eligibility shall provide documentation satisfactory to the commissioner  
601 not later than June 30, 2011, of its investment of one million dollars or  
602 more. Such documentation shall include, but is not limited to, cancelled  
603 checks, wire transfers, investment agreements or other documentation  
604 as the commissioner may request. On and after July 1, 2011, the  
605 commissioner shall revoke the certificate of eligibility for any insurance  
606 business for which its fund manager failed to provide sufficient  
607 documentation of said investment of not less than one million dollars.

608       (4) Any credit allowed under subsection (b) or subsection (g) of this  
609 section that has not been claimed prior to January 1, 2010, may be carried  
610 forward pursuant to subsection (i) of this section.

611       (e) The maximum amount of credit allowed under subsection (c) of  
612 this section shall be [three] five hundred fifty million dollars in  
613 aggregate and forty million dollars per year.

614       (f) (1) The Commissioner of Revenue Services may treat one or more  
615 corporations that are properly included in a combined unitary tax return  
616 under section 12-222 as one taxpayer in determining whether the  
617 appropriate requirements under this section are met. Where  
618 corporations are treated as one taxpayer for purposes of this subsection,  
619 then the credit shall be allowed only against the amount of the combined  
620 unitary tax for all corporations properly included in a combined unitary  
621 tax return that, under the provisions of subdivision (2) of this  
622 subsection, is attributable to the corporations treated as one taxpayer.

623       (2) The amount of the combined unitary tax for all corporations  
624 properly included in a combined unitary tax return that is attributable  
625 to the corporations that are treated as one taxpayer under the provisions  
626 of this subsection shall be in the same ratio to such combined unitary tax  
627 that the net income apportioned to this state of each corporation treated  
628 as one taxpayer bears to the net income apportioned to this state, in the  
629 aggregate, of all corporations included in such combined unitary tax  
630 return. Solely for the purpose of computing such ratio, any net loss  
631 apportioned to this state by a corporation treated as one taxpayer or by

632 a corporation included in such combined unitary tax return shall be  
633 disregarded.

634 (g) (1) Any taxpayer allowed a credit under subsection (b) of this  
635 section may assign such credit to another person, provided such person  
636 may claim such credit only with respect to a calendar year for which the  
637 assigning taxpayer would have been eligible to claim such credit. The  
638 fund manager shall include in the report filed with the Commissioner  
639 of Revenue Services in accordance with subdivision (1) of subsection (b)  
640 of this section information requested by the commissioner regarding  
641 such assignments including the current holders of credits as of the end  
642 of the preceding calendar year.

643 (2) Any taxpayer allowed a credit under subsection (c) of this section  
644 may sell, assign or otherwise transfer such credit, in whole or in part, to  
645 one or more taxpayers, provided no such transferee may claim such  
646 credit for an income year other than the transferee's income year in  
647 which such transferee bought, was assigned or was otherwise  
648 transferred such credit.

649 (h) No taxpayer shall be eligible for a credit under this section and  
650 [either] section 12-217e [or section 12-217m] for the same investment. No  
651 two taxpayers shall be eligible for any tax credit with respect to the same  
652 investment, employee or facility.

653 (i) Any tax credit that is not sold, assigned or otherwise transferred  
654 pursuant to subdivision (2) of subsection (g) of this section and is not  
655 used in the income year for which it was allowed may be carried  
656 forward for the five immediately succeeding income years until the full  
657 credit has been claimed.

658 (j) The commissioner, with the approval of the Commissioner of  
659 Revenue Services and the Secretary of the Office of Policy and  
660 Management, may adopt regulations in accordance with chapter 54 to  
661 carry out the purposes of this section.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2021</i>	38a-88a
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***Statement of Purpose:***

To specify investment requirements for the invest CT fund program on or after September 1, 2021, and increase the aggregate amount of credits allowed under the program.

*[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.]*