

**Proposed Substitute  
Bill No. 3**

January Session, 2021

LCO No. 5854

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

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

1 Section 1. Section 12-217aaa of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2021, and*  
3 *applicable to income years beginning January 1, 2021*):

4 (a) As used in this section, (1) "accumulated credits" means the  
5 amount of credits allowed, in accordance with the provisions of section  
6 12-217n, that have not been taken through an applicant's last income  
7 year completed prior to the date of an application submitted as  
8 provided in subsection (b) of this section, [and] (2) "commissioner"  
9 means the Commissioner of Economic and Community Development,  
10 and (3) "human capital investment" means the amount paid or incurred  
11 by a corporation on (A) job training which occurs in this state for  
12 persons who are employed in this state; (B) work education programs  
13 in this state, including, but not limited to, programs in public high  
14 schools and work education-diversified occupations programs in this  
15 state; (C) worker training and education for persons who are employed  
16 in this state provided by institutions of higher education in this state;  
17 (D) donations or capital contributions to institutions of higher education  
18 in this state for improvements or advancements of technology,  
19 including physical plant improvements; (E) planning, site preparation,  
20 construction, renovation or acquisition of facilities in this state for the  
21 purpose of establishing a child care center, as described in section 19a-  
22 77, in this state to be used primarily by the children of employees who

23 are employed in this state; (F) subsidies to employees who are employed  
24 in this state for child care to be provided in this state; and (G)  
25 contributions made to the Individual Development Account Reserve  
26 Fund, as defined in section 31-51ww.

27 (b) The commissioner shall establish and administer a program to  
28 allow businesses in the state to utilize accumulated credits against the  
29 tax imposed under this chapter and chapter 219 in exchange for (1)  
30 capital projects, planned or underway, in the state that propose to [(1)]  
31 (A) expand the scale or scope of such business, [(2)] (B) increase  
32 employment at such business, or [(3)] (C) generate a substantial return  
33 to the state economy, or (2) human capital investment. A business  
34 seeking to utilize accumulated credits under this section shall submit to  
35 the commissioner, on forms provided by the commissioner, an  
36 application that shall include, but not be limited to: (A) A detailed plan  
37 outlining the capital project or human capital investment, (B) the term  
38 of such project or investment, (C) the estimated costs of such project or  
39 investment, and (D) the amount of accumulated credits the business  
40 proposes it be allowed to utilize under this section. The commissioner  
41 shall perform an econometric analysis of each application and shall only  
42 approve an application if he or she determines that such project or  
43 investment will generate revenues for the state that exceed the amount  
44 of the accumulated credits proposed to be utilized. The amount of such  
45 accumulated credits shall be subject to confirmation, in accordance with  
46 the provisions of this title, by the Commissioner of Revenue Services in  
47 consultation with the commissioner.

48 (c) The commissioner shall determine, in consultation with the  
49 Commissioner of Revenue Services and the Secretary of the Office of  
50 Policy and Management, when such accumulated credits may be  
51 utilized by the business, provided the commissioner shall not approve  
52 the utilization of the accumulated credits until the capital project or  
53 human capital investment under subsection (b) of this section generates  
54 revenues for the state that exceed the amount of the accumulated credits  
55 proposed to be utilized.

56 (d) The total amount of accumulated credits used under this section,  
57 at full value, and the investments made under section 12-217bbb shall  
58 not exceed fifty million dollars in the aggregate.

59 (e) The commissioner may adopt regulations, in accordance with the  
60 provisions of chapter 54, to implement the provisions of this section.

61 (f) Not later than February 1, 2019, and annually thereafter, the  
62 commissioner shall include in the annual report required under section  
63 32-1m: (1) Information on the number of applications received and the  
64 number of applications approved under this section; (2) the status of the  
65 capital projects or human capital investments associated with such  
66 approved applications; (3) the amount of accumulated credits that are  
67 proposed to be utilized under this section; and (4) (A) the amount and  
68 type of state revenue generated in connection with each such capital  
69 project or human capital investment to date, and (B) the projected  
70 amount and type of such revenue for the five succeeding fiscal years  
71 after completion of such capital project or human capital investment.

72 Sec. 2. (NEW) (*Effective October 1, 2021*) (a) As used in this section:

73 (1) "Dislocated worker" means an individual who:

74 (A) (i) Has been terminated or laid off, or has received a notice of  
75 termination or layoff, from employment; (ii) is eligible for or has  
76 exhausted entitlement to unemployment compensation, (iii) has been  
77 employed for a duration sufficient to demonstrate, to the appropriate  
78 entity at a one-stop center referred to in Section 134(c) of the federal  
79 Workforce Innovation and Opportunity Act of 2014, P.L. 113-128, as  
80 amended from time to time, attachment to the workforce, but is not  
81 eligible for unemployment compensation due to insufficient earnings or  
82 having performed services for an employer that were not covered under  
83 chapter 567 of the general statutes; or (iv) is unlikely to return to a  
84 previous industry or occupation;

85 (B) (i) Has been terminated or laid off, or has received a notice of  
86 termination or layoff, from employment as a result of any permanent

87 closure of, or any substantial layoff at, a plant, facility or enterprise; (ii)  
88 is employed at a facility at which the employer has made a general  
89 announcement that such facility will close within one hundred eighty  
90 days; or (iii) for purposes of eligibility to receive services, other than  
91 training services described in subdivision (14) of subsection (b) of  
92 section 31-11p of the general statutes, as amended by this act, intensive  
93 services described in subdivision (13) of subsection (b) of said section,  
94 or supportive services, is employed at a facility at which the employer  
95 has made a general announcement that such facility will close;

96 (C) Was self-employed, including employment as a farmer, rancher  
97 or fisherman, but is unemployed as a result of general economic  
98 conditions in the community in which the individual resides or because  
99 of natural disasters;

100 (D) Is a displaced homemaker; or

101 (E) (i) Is the spouse of a member of the armed forces of the United  
102 States on active duty, as defined in 10 USC 101(d)(1), and who has  
103 experienced a loss of employment as a direct result of relocation to  
104 accommodate a permanent change in duty station of such member, or  
105 (ii) is the spouse of a member of the armed forces of the United States  
106 on active duty and who is unemployed or underemployed and is  
107 experiencing difficulty in obtaining or upgrading employment.

108 (2) "Displaced homemaker" means an individual who has been  
109 providing unpaid services to family members in the home and who (A)  
110 has been dependent on the income of another family member, but is no  
111 longer supported by that income; and (B) is unemployed or  
112 underemployed and is experiencing difficulty in obtaining or  
113 upgrading employment;

114 (3) "Economic development financial assistance" means any grant,  
115 loan or loan guarantee, or combination thereof, or any tax credits  
116 approved pursuant to chapter 578 of the general statutes, provided to a  
117 business for the purpose of economic development;

118 (4) "Low-income individual" means an individual whose family  
119 income is less than three hundred per cent of the federal poverty level  
120 for the prior calendar year;

121 (5) "Minority" means an individual whose race is defined as other  
122 than white, or whose ethnicity is defined as Hispanic or Latino by the  
123 federal Office of Management and Budget for use by the Bureau of  
124 Census of the United States Department of Commerce;

125 (6) "Nontraditional employment" means occupations or fields of  
126 work for which individuals from one gender comprise less than twenty-  
127 five per cent of the individuals employed in each such occupation or  
128 field of work; and

129 (7) "Veteran" means any person who is a member of, was honorably  
130 discharged from or released under honorable conditions from active  
131 service in the armed forces, as defined in section 27-103 of the general  
132 statutes.

133 (b) The Commissioner of Economic and Community Development  
134 shall give priority to applicants for economic development financial  
135 assistance who demonstrate a willingness, as determined by the  
136 commissioner, to make jobs available to unemployed individuals, low-  
137 income individuals, dislocated workers, individuals training for  
138 nontraditional employment, veterans, minorities, women and  
139 individuals with disabilities to the extent consistent with any state or  
140 regional economic development strategy.

141 Sec. 3. (*Effective from passage*) (a) There is established a task force to  
142 study the impact of the COVID-19 pandemic on the recruitment and  
143 retention of employees in the tourism, lodging and restaurant  
144 industries. Such study shall include, but need not be limited to, an  
145 examination of (1) federal and state economic programs used by  
146 businesses in such industries during the COVID-19 pandemic, (2) the  
147 effectiveness of such programs in helping such industries retain  
148 employees during the COVID-19 pandemic, and (3) any obstacles to  
149 such industries reaching the employment levels that existed prior to the

150 COVID-19 pandemic. For the purposes of this section, "COVID-19"  
151 means the respiratory disease designated by the World Health  
152 Organization on February 11, 2020, as coronavirus 2019, and any related  
153 mutation thereof recognized by said organization as a communicable  
154 respiratory disease.

155 (b) The task force shall consist of the following members:

156 (1) Two appointed by the speaker of the House of Representatives;

157 (2) Two appointed by the president pro tempore of the Senate;

158 (3) One appointed by the majority leader of the House of  
159 Representatives;

160 (4) One appointed by the majority leader of the Senate;

161 (5) One appointed by the minority leader of the House of  
162 Representatives;

163 (6) One appointed by the minority leader of the Senate;

164 (7) The Commissioner of Economic and Community Development,  
165 or the commissioner's designee;

166 (8) The Labor Commissioner, or the commissioner's designee; and

167 (9) Two persons appointed by the Governor.

168 (c) Any member of the task force appointed under subdivision (1),  
169 (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member  
170 of the General Assembly.

171 (d) All initial appointments to the task force shall be made not later  
172 than thirty days after the effective date of this section. Any vacancy shall  
173 be filled by the appointing authority.

174 (e) The speaker of the House of Representatives and the president pro  
175 tempore of the Senate shall select the chairpersons of the task force from  
176 among the members of the task force. Such chairpersons shall schedule

177 the first meeting of the task force, which shall be held not later than sixty  
178 days after the effective date of this section.

179 (f) The administrative staff of the joint standing committee of the  
180 General Assembly having cognizance of matters relating to commerce  
181 shall serve as administrative staff of the task force.

182 (g) Not later than January 1, 2022, the task force shall submit a report  
183 on its findings and recommendations to the joint standing committee of  
184 the General Assembly having cognizance of matters relating to  
185 commerce, in accordance with the provisions of section 11-4a of the  
186 general statutes. The task force shall terminate on the date that it  
187 submits such report or January 1, 2022, whichever is later.

188 Sec. 4. (NEW) (*Effective from passage*) The Department of Economic  
189 and Community Development, in consultation with the Governor's  
190 chief manufacturing officer, the State Board of Education and the Office  
191 of Higher Education shall develop and implement a plan to advertise  
192 certification programs, job training programs and entry-level  
193 manufacturing jobs to graduates of the state's high schools and adult  
194 education programs who do not join the armed forces or enroll in an  
195 institution of higher education after graduation. Not later than January  
196 1, 2022, and annually thereafter, the Commissioner of Economic and  
197 Community Development shall report, in accordance with the  
198 provisions of section 11-4a of the general statutes, to the joint standing  
199 committees of the General Assembly having cognizance of matters  
200 relating to commerce and education, regarding such plan and its  
201 implementation.

202 Sec. 5. (*Effective from passage*) The Department of Economic and  
203 Community Development, in consultation with the Connecticut  
204 Sentencing Commission, shall evaluate the effectiveness of provisional  
205 pardons and certificates of rehabilitation issued pursuant to section 54-  
206 130e of the general statutes and certificates of rehabilitation issued  
207 pursuant to section 54-108f of the general statutes, at promoting the  
208 reintegration of ex-offenders into the state's workforce. Not later than  
209 January 1, 2022, the Commissioner of Economic and Community

210 Development shall report, in accordance with the provisions of section  
211 11-4a of the general statutes, to the joint standing committees of the  
212 General Assembly having cognizance of matters relating to commerce  
213 and the judiciary, on the effectiveness of such provisional pardons and  
214 certificates of rehabilitation at promoting such reintegration. Such  
215 report shall include any recommendations for amendments to the  
216 general statutes governing such provisional pardons and certificates of  
217 rehabilitation in order to promote such reintegration.

218 Sec. 6. (NEW) (*Effective from passage*) The Department of Economic  
219 and Community Development, in consultation with the Department of  
220 Veterans Affairs, the Labor Department and the Governor's chief  
221 manufacturing officer, shall develop and implement a plan to identify  
222 and communicate with veterans for the purpose of connecting such  
223 veterans with employment opportunities in the state. Not later than  
224 January 1, 2022, and annually thereafter, the Commissioner of Economic  
225 and Community Development shall report, in accordance with the  
226 provisions of section 11-4a of the general statutes, to the joint standing  
227 committees of the General Assembly having cognizance of matters  
228 relating to commerce and veterans' and military affairs, regarding such  
229 plan and its implementation.

230 Sec. 7. (NEW) (*Effective from passage*) Connecticut Innovations,  
231 Incorporated, in consultation with the Department of Economic and  
232 Community Development, CTNext and the Connecticut Center for  
233 Advanced Technology, Inc., shall develop and implement a plan to  
234 increase the total of funds provided to state businesses pursuant to the  
235 small business innovation research program, as defined in section 32-  
236 344 of the general statutes, and the small business technology transfer  
237 program, as defined in section 32-344 of the general statutes. Not later  
238 than January 1, 2022, and annually thereafter, the Commissioner of  
239 Economic and Community Development shall report, in accordance  
240 with the provisions of section 11-4a of the general statutes, to the joint  
241 standing committees of the General Assembly having cognizance of  
242 matters relating to commerce and veterans' and military affairs,  
243 regarding such plan and its implementation.

244       Sec. 8. (*Effective from passage*) The Department of Economic and  
245 Community Development, in consultation with the Department of  
246 Correction, shall conduct a study relating to the federal Prison Industry  
247 Enhancement Certification Program. Such study shall include, but need  
248 not be limited to, an analysis of the state's participation in said program  
249 and an analysis of other states' participation in said program. Not later  
250 than January 1, 2022, the Commissioner of Economic and Community  
251 Development shall submit a report on the results of such study to the  
252 joint standing committees of the General Assembly having cognizance  
253 of matters relating to commerce and the judiciary, in accordance with  
254 the provisions of section 11-4a of the general statutes. Such report shall  
255 include any recommendations for the state's further participation in the  
256 federal Prison Industry Enhancement Certification Program.

257       Sec. 9. (*Effective from passage*) The Commissioner of Economic and  
258 Community Development shall conduct a study relating to the state's  
259 opportunity zone financial incentives. Such study shall include, but  
260 need not be limited to, (1) an analysis of (A) the financial incentives used  
261 by the state to support opportunity zone investment, (B) the specific  
262 economic development projects that such incentives have supported  
263 and an accounting of such financial incentives paid to date, and (C) the  
264 types of businesses that have used such incentives; and (2) the  
265 compilation of a list of opportunity zones in the state with the highest  
266 unemployment and poverty rates and the lowest median family income.  
267 Not later than January 1, 2021, the commissioner shall submit a report  
268 on the results of such study to the joint standing committee of the  
269 General Assembly having cognizance of matters relating to commerce,  
270 in accordance with the provisions of section 11-4a of the general statutes.  
271 Such report shall include a plan to incentivize investment in the  
272 opportunity zones listed pursuant to subdivision (2) of this section and  
273 any legislative proposals necessary to implement such plan.

274       Sec. 10. (NEW) (*Effective October 1, 2021*) (a) As used in this section,  
275 "small business" means a corporation, limited liability company,  
276 partnership, sole proprietorship or individual operating a business for  
277 profit, which has operations in this state and employs twenty or fewer

278 full-time employees, including employees employed in any subsidiary  
279 or affiliated corporation.

280 (b) Not later than January 1, 2022, the Department of Economic and  
281 Community Development shall establish a small business micro-loan  
282 assistance program to assist small businesses in securing micro-loans  
283 from lending institutions.

284 (c) As part of the program, the department shall (1) establish a  
285 registry of lending institutions in the state that provide micro-loans to  
286 small businesses, (2) solicit lending institutions for inclusion in such  
287 registry, (3) advertise the program on the department's Internet web  
288 site, (4) establish a method by which small businesses may contact the  
289 department for assistance with securing a micro-loan from a lending  
290 institution, (5) provide assistance to small businesses seeking a micro-  
291 loan, including, but not limited to, identifying potential lending  
292 institutions and assisting with the completion of any loan application.

293 (d) Not later than January 1, 2022, and annually thereafter, the  
294 Commissioner of Economic and Community Development shall submit  
295 a report to the joint standing committee of the General Assembly having  
296 cognizance of matters relating to commerce, in accordance with the  
297 provisions of section 11-4a of the general statutes, which details the  
298 number of lending institutions included on the registry described in  
299 subdivision (1) of subsection (c) of this section, the number of small  
300 businesses who have contacted the department for assistance in  
301 securing a micro-loan, and the number of small businesses who have  
302 received a micro-loan from a lending institution after receiving  
303 assistance from the department.

304 Sec. 11. Subsection (a) of section 36a-32 of the general statutes is  
305 repealed and the following is substituted in lieu thereof (*Effective October*  
306 *1, 2021*):

307 (a) In connection with the examination of a bank under section 36a-  
308 17, the commissioner shall assess the record of the performance of the  
309 bank in helping to meet the credit needs of its entire community,

310 including low and moderate-income neighborhoods, consistent with the  
 311 safe and sound operation of the bank. The commissioner shall assess the  
 312 community reinvestment performance of a bank utilizing the applicable  
 313 methodology set forth in federal CRA. In addition, the commissioner  
 314 shall consider the following in assessing a bank's record of performance:

315 (1) The bank's record of offering escrow accounts for purposes of  
 316 compliance with subsection (h) of section 47a-21;

317 (2) Efforts of the bank to work with delinquent residential mortgage  
 318 customers who are unemployed or underemployed to facilitate a  
 319 resolution of the delinquency; [and]

320 (3) The bank's record of participation in the small business micro-loan  
 321 assistance program established pursuant to section 10 of this act; and

322 ~~[(3)]~~ (4) Written comments received by the commissioner.

323 Sec. 12. (*Effective from passage*) The Commissioner of Economic and  
 324 Community Development, in consultation with the Labor Department,  
 325 shall conduct a study relating to the Federal Bonding Program  
 326 administered by the United States Department of Labor. Such study  
 327 shall analyze the effectiveness of such program. Not later than January  
 328 1, 2022, the commissioner shall submit a report on the results of such  
 329 study and any recommendations regarding the establishment of  
 330 complementary state incentives to supplement the Federal Bonding  
 331 Program to the joint standing committee of the General Assembly  
 332 having cognizance of matters relating to commerce, in accordance with  
 333 the provisions of section 11-4a of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021, and applicable to income years beginning January 1, 2021</i>	12-217aaa
Sec. 2	<i>October 1, 2021</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section

Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>October 1, 2021</i>	New section
Sec. 11	<i>October 1, 2021</i>	36a-32(a)
Sec. 12	<i>from passage</i>	New section