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## OLR Bill Analysis

### sHB 6754

#### ***AN ACT CONCERNING INCENTIVES TO INCREASE EMPLOYMENT OF INDIVIDUALS WITH INTELLECTUAL DISABILITY.***

#### **SUMMARY**

This bill creates various financial incentives for employers to employ people with intellectual disability. Among other things, it (1) establishes a workforce development tax credit program for tax years beginning January 1, 2024, and (2) requires the Department of Economic and Community Development (DECD) commissioner to create a grant program for nonprofit organizations that employ a workforce consisting of at least 10% individuals with intellectual disability. By law, an intellectual disability is a significant limitation in intellectual functioning existing concurrently with deficits in adaptive behavior that originated before age 18.

The state's procurement law generally requires the administrative services commissioner to award open market orders or contracts to the lowest responsible qualified bidder. The bill allows the commissioner, when making this determination, to give a price preference of up to 10% when purchasing goods or services from a business that has a workforce consisting of at least 10% individuals with intellectual disability when it submits its bid or proposal (§ 2).

EFFECTIVE DATE: October 1, 2023, except the provision establishing a tax credit program is effective January 1, 2024, and applicable to income and tax years beginning on or after this date.

#### **§ 1 — WORKFORCE DEVELOPMENT TAX CREDIT PROGRAM**

The bill creates a tax credit applicable to income and tax years beginning January 1, 2024, for employers who hire employees with intellectual disability. In addition to having intellectual disability, an

employee who qualifies for the credit must be hired during, and remain employed at the end of, the income year for which the credit is claimed. The credit cannot be claimed for an employee who is (1) an owner, member, or partner in the business or (2) hired to replace an employee who was laid off or is on strike. An employer who claims this tax credit may not claim any other state tax credit for the same employee.

Under the bill, the value of the tax credit depends on how much the qualifying employee works. For an employee hired to work at least 25 hours per week, the credit equals 30% of the employee's annual wages, up to a maximum of \$5,000 per employee annually. For employees hired to work at least eight hours but less than 25 hours per week, the credit equals 15% of the employee's annual wages, up to a maximum of \$2,500 per employee annually. An employer may not claim more credit than their total amount of income tax.

Employers can claim the credit against the corporation business tax or income tax (but not employee withholding tax). If the employer is an S corporation or treated as a partnership for federal income tax purposes, the employer's shareholders or partners can claim the credit. If an employer is a single-member limited liability company that is disregarded as an entity separate from its owner, the owner may claim the credit.

### **§ 3 — WORKFORCE DEVELOPMENT GRANT PROGRAM**

The bill requires the DECD commissioner to establish a workforce development program that makes grants to nonprofit organizations that employ a workforce consisting of at least 10% individuals with intellectual disability. Grants made under this program must be awarded for infrastructure expenditures, start-up costs, or expansion costs.

Grants awarded under the bill are capped at (1) \$25,000 for organizations with a workforce consisting of at least 10% but not more than 30% individuals with intellectual disability and (2) \$75,000 for organizations with a workforce that has more than 30% individuals with intellectual disability.

The bill requires DECD to create a competitive application award process and allows the department to enter into an agreement with a third-party to operate the program.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 24 Nay 0 (03/14/2023)