



General Assembly

January Session, 2023

Committee Bill No. 420

LCO No. 3791



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS WHO HIRE PERSONS WITH DISABILITIES.

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

1 Section 1. (NEW) (*Effective January 1, 2024, and applicable to income*
2 *and taxable years commencing on or after January 1, 2024*) (a) As used in
3 this section:

4 (1) "Commissioner" means the Commissioner of Economic and
5 Community Development;

6 (2) "Employer" means a person engaged in business or a related
7 person engaged in business who has employees and who is subject to
8 tax under chapter 207, 208, 212 or 229 of the general statutes;

9 (3) "Income year" means the income year or taxable year, as
10 determined under chapter 207, 208, 212 or 229 of the general statutes,
11 as the case may be;

12 (4) "New qualifying employee" means a person with disabilities, as
13 defined in section 17b-608 of the general statutes, who (A) (i) qualifies
14 for the medical assistance program for persons with disabilities

15 pursuant to section 17b-597 of the general statutes, (ii) has received or
16 is receiving employment support services through the Bureau of
17 Rehabilitation Services or the Bureau of Education and Services for the
18 Blind at the Department of Aging and Disability Services, or (iii) has
19 received or is receiving employment support services from the
20 Department of Developmental Services, and (B) is hired by the
21 employer to fill a job during the employer's income years commencing
22 on or after January 1, 2024;

23 (5) "Related person" means (A) a corporation, limited liability
24 company, partnership, association or trust controlled by the employer,
25 (B) an individual, corporation, limited liability company, partnership,
26 association or trust that is in the control of the employer, (C) a
27 corporation, limited liability company, partnership, association or trust
28 controlled by an individual, corporation, limited liability company,
29 partnership, association or trust that is in the control of the employer,
30 or (D) a member of the same controlled group as the employer; and

31 (6) "Control", with respect to a corporation, means ownership,
32 directly or indirectly, of stock possessing fifty per cent or more of the
33 total combined voting power of all classes of the stock of such
34 corporation entitled to vote. "Control", with respect to a trust, means
35 ownership, directly or indirectly, of fifty per cent or more of the
36 beneficial interest in the principal or income of such trust. The
37 ownership of stock in a corporation, of a capital or profits interest in a
38 partnership, limited liability company or association or of a beneficial
39 interest in a trust shall be determined in accordance with the rules for
40 constructive ownership of stock provided in Section 267(c) of the
41 Internal Revenue Code of 1986, or any subsequent corresponding
42 Internal Revenue Code of the United States, as amended from time to
43 time, other than paragraph (3) of said Section 267(c).

44 (b) (1) There is established a job creation tax credit program for
45 employers whereby an employer who hires a new qualifying employee
46 who resides in this state and requires such employee to work at least
47 fifteen hours or more per week for not less than twenty-four weeks in a

48 calendar year may be allowed a tax credit against the tax imposed
49 under chapter 207, 208, 212 or 229 of the general statutes, other than
50 the liability imposed by section 12-707 of the general statutes.

51 (2) The tax credit shall be an amount equal to two hundred dollars
52 per month for each new qualifying employee hired.

53 (3) No employer may claim a tax credit for any new qualifying
54 employee who is an owner, member or partner in the business of the
55 employer or who is not employed at the close of the income year of the
56 employer.

57 (4) The employer shall claim the tax credit for the income year in
58 which the employer hires a new qualifying employee and, if eligible,
59 the two immediately succeeding income years. Any tax credit not used
60 in an income year shall expire and shall not be refundable.

61 (c) To be eligible to claim the tax credit, an employer shall apply to
62 the commissioner in accordance with the provisions of this section. The
63 application shall be on a form provided by the commissioner and shall
64 contain sufficient information as required by the commissioner,
65 including, but not limited to, the activities that the employer primarily
66 engages in, evidence the employee is a new qualified employee, the
67 North American Industrial Classification System code of the employer
68 and the name and position or job title of the new qualifying employee
69 hired.

70 (d) (1) Upon receipt of an application, the commissioner shall render
71 a decision on the application, in writing, not later than thirty days after
72 the date of its receipt by the commissioner. If the commissioner
73 approves the application of the employer, the commissioner shall issue
74 a certification letter indicating that the tax credit will be available to be
75 claimed by the employer if the employer otherwise meets the
76 requirements of this section.

77 (2) No employer claiming the tax credit under this section, with
78 respect to a new qualifying employee, may claim any credit against

79 any tax under any other provision of the general statutes with respect
 80 to the same new qualifying employee.

81 (e) If the employer is an S corporation or an entity treated as a
 82 partnership for federal income tax purposes, the tax credit may be
 83 claimed by the shareholders or partners of the employer. If the
 84 employer is a single member limited liability company that is
 85 disregarded as an entity separate from its owner, the tax credit may be
 86 claimed by the limited liability company's owner.

87 (f) For an employer subject to the tax imposed under chapter 229 of
 88 the general statutes, no credit allowed under this section shall exceed
 89 the amount of tax imposed by chapter 229 of the general statutes. The
 90 commissioner shall annually provide to the Commissioner of Revenue
 91 Services a list detailing all tax credits that have been approved and all
 92 employers that have been issued a certification letter under subsection
 93 (d) of this section.

94 Sec. 2. (*Effective July 1, 2023*) The sum of one million dollars is
 95 appropriated to the Department of Aging and Disability Services from
 96 the General Fund and the sum of one million dollars is appropriated to
 97 the Department of Developmental Services from the General Fund, for
 98 the fiscal year ending June 30, 2024, for expansion of employment
 99 support services for persons with disabilities, as defined in section 17b-
 100 608 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2024, and applicable to income and taxable years commencing on or after January 1, 2024</i>	New section
Sec. 2	<i>July 1, 2023</i>	New section

HS

Joint Favorable C/R

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