



General Assembly

January Session, 2023

**Raised Bill No. 1027**

LCO No. 3721



Referred to Committee on COMMERCE

Introduced by:  
(CE)

**AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND  
COMMUNITY DEVELOPMENT'S RECOMMENDATIONS REGARDING  
THE JOBSCT TAX REBATE PROGRAM AND CERTAIN AEROSPACE  
MANUFACTURING PROJECTS.**

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

1 Section 1. Section 32-7t of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section:

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

6 (2) "Discretionary FTE" means an FTE that is paid qualified wages  
7 and does not meet the threshold wage requirements to be a qualified  
8 FTE but is approved by the commissioner pursuant to subdivision (4) of  
9 subsection (c) of this section;

10 (3) "Distressed municipality" has the same meaning as provided in  
11 section 32-9p;

12 (4) "Full-time equivalent" or "FTE" means the number of employees  
13 employed at a qualified business, calculated in accordance with  
14 subsection (d) of this section;

15 (5) "Full-time job" means a job in which an employee is required to  
16 work at least thirty-five or more hours per week. "Full-time job" does  
17 not include a temporary or seasonal job;

18 (6) "Median household income" means the median annual household  
19 income for residents in a municipality as calculated from the U.S.  
20 Census Bureau's five-year American Community Survey or another  
21 data source, at the sole discretion of the commissioner;

22 (7) "New employee" means a person or persons hired by the qualified  
23 business to fill a full-time equivalent position. A new employee does not  
24 include a person who was employed in this state by a related person  
25 with respect to the qualified business within twelve months prior to a  
26 qualified [business'] business's application to the commissioner for a  
27 rebate allocation notice for a job creation rebate pursuant to subsection  
28 (c) of this section;

29 (8) "New FTEs" means the number of FTEs that (A) did not exist in  
30 this state at the time of a qualified [business'] business's application to  
31 the commissioner for a rebate allocation notice for a job creation rebate  
32 pursuant to subsection (c) of this section, (B) are not the result of FTEs  
33 acquired due to a merger or acquisition, (C) are filled by a new  
34 employee, (D) are qualified FTEs, and (E) are not FTEs hired to replace  
35 FTEs that existed in the state after January 1, 2020. The commissioner  
36 may issue guidance on the implementation of this definition;

37 (9) "New FTEs created" means the number of new FTEs that the  
38 qualified business is employing at a point-in-time at the end of the  
39 relevant time period;

40 (10) "New FTEs maintained" means the total number of new FTEs  
41 employed throughout a relevant time period;

42 (11) "Opportunity zone" means a population census tract that is a  
43 low-income community that is designated as a "qualified opportunity  
44 zone" pursuant to the Tax Cuts and Jobs Act of 2017, P.L. 115-97, as  
45 amended from time to time;

46 (12) "Part-time job" means a job in which an employee is required to  
47 work less than thirty-five hours per week. "Part-time job" does not  
48 include a temporary or seasonal job;

49 (13) "Qualified business" means a person that is (A) engaged in  
50 business in an industry related to finance, insurance, manufacturing,  
51 clean energy, bioscience, technology, digital media or any similar  
52 industry, as determined by the sole discretion of the commissioner, and  
53 (B) subject to taxation under chapter 207, 208 or 228z;

54 (14) "Qualified FTE" means an FTE who is paid qualified wages of at  
55 least eighty-five per cent of the median household income for the  
56 location where the FTE position is primarily located, scaled in  
57 proportion to the FTE fraction, or thirty-seven thousand five hundred  
58 dollars, scaled in proportion to the FTE fraction, whichever is greater;

59 (15) "Qualified wages" means wages sourced to this state pursuant to  
60 section 12-705;

61 (16) "Rebate period" means the calendar years in which a tax rebate  
62 provided for in this section is to be paid pursuant to a [contract  
63 executed] rebate allocation notice issued pursuant to subsection (c) of  
64 this section; and

65 (17) "Related person" means (A) a corporation, limited liability  
66 company, partnership, association or trust controlled by the qualified  
67 business, (B) an individual, corporation, limited liability company,  
68 partnership, association or trust that is in control of the qualified  
69 business, (C) a corporation, limited liability company, partnership,  
70 association or trust controlled by an individual, corporation, limited  
71 liability company, partnership, association or trust that is in control of  
72 the qualified business, or (D) a member of the same controlled group as

73 the qualified business. For the purposes of this subdivision, "control"  
74 means (i) ownership, directly or indirectly, of stock possessing fifty per  
75 cent or more of the total combined voting power of all classes of the  
76 stock of a corporation entitled to vote, (ii) ownership, directly or  
77 indirectly, of fifty per cent or more of the capital or profits interest in a  
78 partnership, limited liability company or association, or (iii) ownership,  
79 directly or indirectly, of fifty per cent or more of the beneficial interest  
80 in the principal or income of a trust. The ownership of stock in a  
81 corporation, of a capital or profits interest in a partnership, of a limited  
82 liability company or association or of a beneficial interest in a trust shall  
83 be determined in accordance with the rules for constructive ownership  
84 of stock provided in Section 267(c) of the Internal Revenue Code of 1986,  
85 or any subsequent corresponding internal revenue code of the United  
86 States, as amended from time to time, other than paragraph (3) of said  
87 section.

88 (b) There is established a JobsCT tax rebate program under which  
89 qualified businesses that create jobs in this state, in accordance with the  
90 provisions of this section, may be allowed a tax rebate, which shall be  
91 treated as a credit against the tax imposed under chapter 208 or 228z or  
92 as an offset of the tax imposed under chapter 207.

93 (c) (1) To be eligible to claim a rebate under this section, a qualified  
94 business shall apply to the commissioner in accordance with the  
95 provisions of this subsection. The application shall be on a form  
96 prescribed by the commissioner and may require information,  
97 including, but not limited to, the number of new FTEs to be created by  
98 the qualified business, the number of current FTEs employed by the  
99 qualified business, feasibility studies or business plans for the increased  
100 number of FTEs, projected state and local revenue that may reasonably  
101 derive as a result of the increased number of FTEs and any other  
102 information necessary to determine whether there will be net benefits to  
103 the economy of the municipality or municipalities in which the qualified  
104 business is primarily located and the state.

105 (2) Upon receipt of an application, the commissioner shall determine

106 (A) whether the qualified business making the application will be  
107 reasonably able to meet the FTE hiring targets and other metrics as  
108 presented in such application, (B) whether such qualified [business']  
109 business's proposed job growth would provide a net benefit to economic  
110 development and employment opportunities in the state, and (C)  
111 whether such qualified [business'] business's proposed job growth will  
112 exceed the number of jobs at the business that existed prior to January  
113 1, 2020. The commissioner may require the applicant to submit  
114 additional information to evaluate an application. Each qualified  
115 business making an application shall satisfy the requirements of this  
116 subdivision, as determined by the commissioner, to be eligible for the  
117 JobsCT tax rebate program.

118 (3) The commissioner, upon consideration of an application and any  
119 additional information, may approve an application in whole or in part  
120 or may approve an application with amendments. If the commissioner  
121 disapproves an application, the commissioner shall identify the defects  
122 in such application and explain the specific reasons for the disapproval.  
123 The commissioner shall render a decision on an application not later  
124 than ninety days after the date of its receipt by the commissioner.

125 (4) The commissioner may approve an application in whole or in part  
126 by a qualified business that creates new discretionary FTEs or may  
127 approve such an application with amendments if a majority of such new  
128 discretionary FTEs are individuals who (A) because of a disability, are  
129 receiving or have received services from the Department of Aging and  
130 Disability Services; (B) are receiving employment services from the  
131 Department of Mental Health and Addiction Services or participating in  
132 employment opportunities and day services, as defined in section 17a-  
133 226, operated or funded by the Department of Developmental Services;  
134 (C) have been unemployed for at least six of the preceding twelve  
135 months; (D) have been convicted of a misdemeanor or felony; (E) are  
136 veterans, as defined in section 27-103; (F) have not earned any  
137 postsecondary credential and are not currently enrolled in an  
138 postsecondary institution or program; or (G) are currently enrolled in a  
139 workforce training program fully or substantially paid for by the

140 employer that results in such individual earning a postsecondary  
141 credential.

142 (5) The commissioner may combine approval of an application with  
143 the exercise of any of the commissioner's other powers, including, but  
144 not limited to, the provision of other financial assistance.

145 (6) [The commissioner shall enter into a contract with an approved  
146 qualified business, which shall include, but need not be limited to, a  
147 requirement that the qualified business consent] By submitting an  
148 application, a qualified business consents to the Department of  
149 Economic and Community Development's access of data compiled by  
150 other state agencies, including, but not limited to, the Labor  
151 Department, for the purposes of audit and enforcement. [and, if a  
152 qualified business is approved by the commissioner in accordance with  
153 subdivision (4) of this subsection, the required wage such business shall  
154 pay new discretionary FTEs to qualify for the tax rebates provided for  
155 in subsection (f) of this section.]

156 (7) [Upon signing a contract with an approved qualified business,  
157 the] The commissioner shall issue a rebate allocation notice stating the  
158 maximum amount of each rebate available to [such] an approved  
159 qualified business for the rebate period and the specific terms that such  
160 business shall meet to qualify for each rebate. Such notice shall certify  
161 to the approved qualified business that the rebates may be claimed by  
162 such business if it meets the specific terms set forth in the notice. Such  
163 terms shall include the required wage, as determined by the  
164 commissioner, such business shall pay new discretionary FTEs to  
165 qualify for the tax rebates provided in subsection (f) of this section.

166 (d) For the purposes of this section, the FTE of a full-time job or part-  
167 time job is based on the hours worked or expected to be worked by an  
168 employee in a calendar year. A job in which an employee worked or is  
169 expected to work one thousand seven hundred fifty hours or more in a  
170 calendar year equals one FTE. A job in which an employee worked or is  
171 expected to work less than one thousand seven hundred fifty hours

172 equals a fraction of one FTE, where the fraction is the number of hours  
173 worked in a calendar year divided by one thousand seven hundred fifty.  
174 The commissioner shall have the discretion to adjust the calculation of  
175 FTE.

176 (e) (1) In each calendar year of the rebate period, a qualified business  
177 approved by the commissioner pursuant to subdivision (3) of subsection  
178 (c) of this section that employs at least twenty-five new FTEs in this state  
179 by December thirty-first of the calendar year that is two calendar years  
180 prior to the calendar year in which the rebate is being claimed shall be  
181 allowed a rebate equal to the greater of the following amounts:

182 (A) The sum of:

183 (i) The lesser of (I) the new FTEs created in an opportunity zone or  
184 distressed municipality on December thirty-first of the calendar year  
185 that is two calendar years prior to the calendar year in which the rebate  
186 is being claimed, or (II) the new FTEs maintained in an opportunity zone  
187 or distressed municipality in the previous calendar year, multiplied by  
188 fifty per cent of the income tax that would be paid on the average wage  
189 of the new FTEs, as determined by the applicable marginal rate set forth  
190 in chapter 229 for an unmarried individual based solely on such wages;  
191 and

192 (ii) The lesser of (I) the new FTEs created on December thirty-first of  
193 the calendar year that is two calendar years prior to the calendar year in  
194 which the rebate is being claimed, or (II) the new FTEs maintained in a  
195 location other than an opportunity zone or distressed municipality in  
196 the previous calendar year, multiplied by twenty-five per cent of the  
197 income tax that would be paid on the average wage of the new FTEs, as  
198 determined by the applicable marginal rate set forth in chapter 229 for  
199 an unmarried individual based solely on such wages; or

200 (B) The greater of:

201 (i) One thousand dollars multiplied by the lesser of (I) the new FTEs  
202 created by December thirty-first of the calendar year that is two calendar

203 years prior to the calendar year in which the rebate is being claimed, or  
204 (II) the new FTEs maintained in the calendar year immediately prior to  
205 the calendar year in which the rebate is being claimed; or

206 (ii) For tax credits earned, claimed or payable prior to January 1, 2024,  
207 two thousand dollars multiplied by the lesser of (I) the new FTEs created  
208 by December 31, 2022, or (II) the new FTEs maintained in the calendar  
209 year immediately prior to the calendar year in which the rebate is being  
210 claimed.

211 (2) In no event shall the rebate under this subsection exceed in any  
212 calendar year of the rebate period five thousand dollars multiplied by  
213 the lesser of (A) the new FTEs created by December thirty-first of the  
214 calendar year that is two calendar years prior to the calendar year in  
215 which the rebate is being claimed, or (B) the new FTEs maintained in the  
216 calendar year immediately prior to the calendar year in which the rebate  
217 is being claimed.

218 (3) In no event shall an approved qualified business receive a rebate  
219 under this subsection in any calendar year of the rebate period if such  
220 business has not maintained at least twenty-five new FTEs in the  
221 calendar year immediately prior to the calendar year in which the rebate  
222 is being claimed.

223 (f) (1) In each calendar year of the rebate period, a qualified business  
224 approved by the commissioner pursuant to subdivision (4) of subsection  
225 (c) of this section that employs at least twenty-five new discretionary  
226 FTEs in this state by December thirty-first of the calendar year that is  
227 two calendar years prior to the calendar year in which the rebate is being  
228 claimed shall be allowed a rebate equal to the sum of the amount  
229 calculated pursuant to subdivision (1) of subsection (e) of this section  
230 and the greater of the following:

231 (A) The sum of:

232 (i) The lesser of the new discretionary FTEs (I) created in an  
233 opportunity zone or distressed municipality on December thirty-first of



234 the calendar year that is two calendar years prior to the calendar year in  
235 which the rebate is being claimed, or (II) maintained in an opportunity  
236 zone or distressed municipality in the previous calendar year,  
237 multiplied by fifty per cent of the income tax that would be paid on the  
238 average wage of the new discretionary FTEs, as determined by the  
239 applicable marginal rate set forth in chapter 229 for an unmarried  
240 individual based solely on such wages; and

241 (ii) The lesser of the new discretionary FTEs (I) created on December  
242 thirty-first of the calendar year that is two calendar years prior to the  
243 calendar year in which the rebate is being claimed, or (II) maintained in  
244 a location other than an opportunity zone or distressed municipality in  
245 the previous calendar year, multiplied by twenty-five per cent of the  
246 income tax that would be paid on the average wage of the new  
247 discretionary FTEs, as determined by the applicable marginal rate set  
248 forth in chapter 229 for an unmarried individual based solely on such  
249 wages; or

250 (B) The greater of:

251 (i) Seven hundred fifty dollars multiplied by the lesser of the new  
252 discretionary FTEs (I) created by December thirty-first of the calendar  
253 year that is two calendar years prior to the calendar year in which the  
254 rebate is being claimed, or (II) maintained in the calendar year  
255 immediately prior to the calendar year in which the rebate is being  
256 claimed; or

257 (ii) For tax credits earned, claimed or payable prior to January 1, 2024,  
258 one thousand five hundred dollars multiplied by the lesser of (I) the new  
259 FTEs created by December 31, 2022, or (II) the new FTEs maintained in  
260 the calendar year immediately prior to the calendar year in which the  
261 rebate is being claimed.

262 (2) In no event shall the rebate under this section exceed in any  
263 calendar year of the rebate period five thousand dollars multiplied by  
264 the lesser of the new discretionary FTEs (A) created by December thirty-  
265 first of the calendar year that is two calendar years prior to the calendar

266 year in which the rebate is being claimed, or (B) maintained in the  
267 calendar year immediately prior to the calendar year in which the rebate  
268 is being claimed.

269 (3) In no event shall an approved qualified business receive a rebate  
270 under this subsection in any calendar year of the rebate period if such  
271 business has not maintained at least twenty-five new discretionary FTEs  
272 in the calendar year immediately prior to the calendar year in which the  
273 rebate is being claimed.

274 (g) (1) Notwithstanding the provisions of subdivisions (3) and (4) of  
275 subsection (c) of this section, the commissioner may not approve an  
276 application in whole or in part if the full amount of rebates that such  
277 applicant may be paid pursuant to subsection (e) or (f) of this section  
278 would result in the aggregate amount of rebates issued to all approved  
279 qualified businesses under this section exceeding forty million dollars  
280 in any fiscal year.

281 (2) Notwithstanding the provisions of subdivision (4) of subsection  
282 (c) of this section, the commissioner may not approve an application in  
283 whole or in part if the full amount of rebates that such applicant may be  
284 paid pursuant to subsection (f) of this section would result in the  
285 aggregate amount of rebates issued pursuant to subsection (f) of this  
286 section exceeding ten million dollars in any fiscal year.

287 (h) (1) A rebate under this section may be granted to an approved  
288 qualified business for not more than seven successive calendar years. A  
289 rebate shall not be granted until at least twenty-four months after the  
290 commissioner's approval of a qualified ~~business~~ business's  
291 application.

292 (2) An approved qualified business that has fewer than twenty-five  
293 new FTEs created in each of two consecutive calendar years or, if such  
294 business is approved by the commissioner pursuant to subdivision (4)  
295 of subsection (c) of this section, fewer than twenty-five new  
296 discretionary FTEs in each of two consecutive calendar years shall  
297 forfeit all remaining rebate allocations, unless the commissioner

298 recognizes mitigating circumstances of a regional or national nature,  
299 including, but not limited to, a recession.

300 (i) Not later than January thirty-first of each year during the rebate  
301 period, each approved qualified business shall provide information to  
302 the commissioner regarding the number of new FTEs or new  
303 discretionary FTEs created or maintained during the prior calendar year  
304 and the qualified wages of such new employees. Any information  
305 provided under this subsection shall be subject to audit by the  
306 Department of Economic and Community Development.

307 (j) Not later than March fifteenth of each year during the rebate  
308 period, the Department of Economic and Community Development  
309 shall issue the approved qualified business a rebate voucher that sets  
310 forth the amount of the rebate, as calculated pursuant to subsections (e)  
311 and (f) of this section, and the taxable year against which such rebate  
312 may be claimed. The approved qualified business shall claim such  
313 rebate as a credit against the taxes due under chapter 208 or 228z or as  
314 an offset of the tax imposed under chapter 207. The commissioner shall  
315 annually provide to the Commissioner of Revenue Services a report  
316 detailing all rebate vouchers that have been issued under this section.

317 (k) Beginning on January 1, 2023, and annually thereafter, the  
318 commissioner, in consultation with the office of the State Comptroller  
319 and the Auditors of Public Accounts, shall submit a report to the Office  
320 of Policy and Management on the expenses of the JobsCT tax rebate  
321 program and the number of FTEs and discretionary FTEs created and  
322 maintained.

323 Sec. 2. Section 32-4p of the general statutes is repealed and the  
324 following is substituted in lieu thereof (*Effective from passage*):

325 (a) As used in this section:

326 (1) "Aerospace manufacturing project" means a project involving the  
327 production of helicopters in this state that, if certified by the  
328 commissioner as provided in subsection (b) of this section, will require

329 (A) primary helicopter production for current United States government  
330 programs specified in the assistance agreement, as of the date of the  
331 assistance agreement, to be carried out at one or more facilities in this  
332 state, (B) the undertaking and maintaining of primary production for  
333 helicopters to be produced during the term of the assistance agreement  
334 under one or more future United States government programs specified  
335 in the assistance agreement under production contracts entered into by  
336 the eligible taxpayer after April 28, 2022, to be carried out at one or more  
337 facilities in this state, and (C) minimum requirements for total  
338 employment in this state, average employee wages in this state, supplier  
339 spend and capital expenditures by an eligible taxpayer in furtherance of  
340 such project continuing through at least June 30, 2042;

341 (2) "Annual recapture amount" means the total project tax benefits  
342 utilized by an eligible taxpayer divided by ten;

343 (3) "Assistance agreement" means a contract entered into between the  
344 commissioner and an eligible taxpayer in accordance with subsection (c)  
345 of this section, including any amendments to or extensions of such  
346 contract;

347 (4) "Average wage requirement" means, for compliance years  
348 commencing on or after July 1, 2022, and prior to July 1, 2032, an average  
349 annual wage for full-time employees in this state that is not less than the  
350 amounts specified in the assistance agreement;

351 (5) "Benefit period" means the period commencing on the effective  
352 date of the assistance agreement and ending on June 30, 2032;

353 (6) "Capital expenditure" means bona fide costs to the wholly-owned  
354 subsidiary and its subsidiaries for: (A) Acquisition of lands, buildings,  
355 machinery, equipment or any combination thereof; (B) site and  
356 infrastructure improvements; (C) planning costs; (D) research and  
357 development expenses, as defined in section 12-217n of the general  
358 statutes, revision of 1958, revised to January 1, 2021, and including, but  
359 not limited to, development of new products and markets; and (E)  
360 development of diversification strategies, including plans for regional

361 diversification strategies and consultants required for the completion of  
362 such strategies and plans;

363 (7) "Capital expenditure requirement" means, for compliance years  
364 commencing on or after July 1, 2022, and prior to July 1, 2032, a total  
365 annual amount of capital expenditures made in this state by the wholly-  
366 owned subsidiary that is not less than:

367 (A) Seventy million two hundred thousand dollars for the  
368 compliance year ending June 30, 2023;

369 (B) Seventy-one million one hundred thousand dollars for the  
370 compliance year ending June 30, 2024;

371 (C) Seventy-two million nine hundred thousand dollars for the  
372 compliance year ending June 30, 2025;

373 (D) Seventy-three million eight hundred thousand dollars for the  
374 compliance year ending June 30, 2026;

375 (E) Seventy-five million six hundred thousand dollars for the  
376 compliance year ending June 30, 2027;

377 (F) Seventy-seven million four hundred thousand dollars for the  
378 compliance year ending June 30, 2028;

379 (G) Seventy-eight million three hundred thousand dollars for the  
380 compliance year ending June 30, 2029;

381 (H) Eighty million one hundred thousand dollars for the compliance  
382 year ending June 30, 2030;

383 (I) Eighty-one million nine hundred thousand dollars for the  
384 compliance year ending June 30, 2031; and

385 (J) Eighty-three million seven hundred thousand dollars for the  
386 compliance year ending June 30, 2032;

387 (8) "Commissioner" means the Commissioner of Economic and

388 Community Development;

389 (9) "Company" means an entity with a place of business or a wholly-  
390 owned subsidiary located in this state and the direct and indirect  
391 subsidiaries and affiliates of such entity;

392 (10) "Compliance year" means each twelve-month period  
393 commencing July first and continuing through June thirtieth of the  
394 following year, provided the initial compliance year shall commence on  
395 July 1, 2022, and end on June 30, 2023, and the last compliance year shall  
396 commence on July 1, 2031, and end on June 30, 2032. "Annual" refers to  
397 a compliance year;

398 (11) "Contract year" means each twelve-month period commencing  
399 July first and continuing through June thirtieth of the following year,  
400 provided the initial contract year shall commence on July 1, 2022, and  
401 end on June 30, 2023, and the last contract year shall commence on July  
402 1, 2041, and end on June 30, 2042;

403 (12) "Corporation business tax" means the tax due under chapter 208;

404 (13) "Eligible taxpayer" means a company that, at the time application  
405 is made under subsection (b) of this section, (A) is engaged in the  
406 aerospace industry, (B) employs not less than seven thousand  
407 individuals in this state, (C) operates the company's primary helicopter  
408 production facility for its current United States government programs  
409 in this state, (D) plans to bid on a production contract or contracts for a  
410 helicopter under one or more United States government programs, and  
411 (E) has a wholly-owned subsidiary with production facilities and its  
412 headquarters, as set forth in the assistance agreement, in this state prior  
413 to April 28, 2022;

414 (14) (A) "Employee requirement" means, for compliance years  
415 commencing on or after July 1, 2022, and prior to July 1, 2032:

416 (i) A minimum level of full-time employees in this state that is not  
417 less than an average of seven thousand three hundred seventy-five for

418 each compliance year if the eligible taxpayer has entered into a  
419 production contract for one United States government program  
420 specified in the assistance agreement; and

421 (ii) A minimum level of full-time employees in this state that is not  
422 less than an average of seven thousand five hundred for each  
423 compliance year if the eligible taxpayer has entered into production  
424 contracts for two United States government programs specified in the  
425 assistance agreement.

426 (B) The average number of full-time employees for each compliance  
427 year shall be determined by adding the number of full-time employees  
428 at the end of each quarter of the respective compliance year and  
429 dividing the sum of such quarters by four;

430 (15) "Full-time employee" means an employee in this state of the  
431 company who works a minimum of thirty-five hours per week. "Full-  
432 time employee" does not include an employee working on a temporary  
433 or seasonal basis or any individual who does not receive a federal Form  
434 W-2 from the company;

435 (16) "Minimum requirements" means the minimum conditions the  
436 eligible taxpayer must satisfy during each compliance year to qualify for  
437 the sales and use tax offset for such compliance year and the refundable  
438 tax credit for such compliance year, including, but not limited to, (A)  
439 achieving the employee requirement, average wage requirement,  
440 supplier spend requirement and capital expenditure requirement, (B)  
441 the maintenance of the wholly-owned subsidiary's headquarters, as set  
442 forth in the assistance agreement, in this state, (C) the maintenance and  
443 operation of the company's primary helicopter production facility for its  
444 current United States government programs, as of the date of the  
445 assistance agreement, in this state, (D) the undertaking and maintaining  
446 in this state of the company's primary production for helicopters to be  
447 produced during the term of the assistance agreement under one or  
448 more future United States government programs specified in the  
449 assistance agreement under production contracts entered into by the

450 eligible taxpayer after April 28, 2022, and (E) the maintenance of  
451 diversity and workforce training programs by the company in  
452 accordance with the terms of the assistance agreement;

453 (17) "Production" means the various operations related to the  
454 completion of a helicopter, including, but not limited to, procurement,  
455 engineering, manufacture, assembly, integration and testing;

456 (18) "Production contract" means a contract with the United States  
457 government for the production of helicopters;

458 (19) "Project tax benefit" means the total benefit accruing to an eligible  
459 taxpayer with respect to the sales and use tax offset and the refundable  
460 tax credit;

461 (20) "Refundable tax credit" means the credit described in subsection  
462 (e) of this section;

463 (21) "Regular place of business" means any bona fide office, factory,  
464 warehouse or other space in this state at which a supply company is  
465 doing business in its own name in a regular and systematic manner and  
466 which place is continuously maintained, occupied and used by the  
467 supply company in carrying on its business through its employees  
468 regularly in attendance to carry on the supply company's business in the  
469 supply company's own name. "Regular place of business" does not  
470 include a place of business for a statutory agent for service of process, a  
471 temporary office or location used by the supply company only for the  
472 duration of the contract or an office maintained, occupied and used by  
473 a person affiliated with the supply company;

474 (22) "Sales and use tax" means the taxes due under chapter 219;

475 (23) "Sales and use tax offset" means the offset described under  
476 subsection (d) of this section;

477 (24) "Supply company" means any commercial business with a  
478 regular place of business in this state that supplies goods and services  
479 necessary to support (A) the manufacturing of company products, or (B)



480 company operations. "Supply company" does not include any local,  
481 state or federal revenue collection or taxing entity;

482 (25) (A) "Supplier spend requirement" means, for compliance years  
483 commencing on or after July 1, 2022, and prior to July 1, 2032, the total  
484 annual spend by the wholly-owned subsidiary and by the company, on  
485 behalf of the wholly-owned subsidiary, with supply companies in this  
486 state of not less than:

487 (i) Three hundred million dollars for compliance years commencing  
488 on or after July 1, 2022, and prior to July 1, 2024;

489 (ii) Four hundred ten million dollars for compliance years  
490 commencing on or after July 1, 2024, and prior to July 1, 2029; and

491 (iii) Four hundred seventy million dollars for compliance years  
492 commencing on or after July 1, 2029, and prior to July 1, 2032.

493 (B) If an expenditure qualifies for both the supplier spend  
494 requirement and the capital expenditures requirement, the eligible  
495 taxpayer may choose between such categories for which such  
496 expenditure may be counted. In no event shall any such expenditure be  
497 counted towards more than one such category; and

498 (26) "Wholly-owned subsidiary" means a subsidiary of the company,  
499 or such subsidiary's successor to its operations, that has its  
500 headquarters, as set forth in the assistance agreement, in this state.  
501 "Wholly-owned subsidiary" includes any direct or indirect subsidiary of  
502 the company's wholly-owned subsidiary and any limited liability  
503 company wholly owned directly or indirectly by the company's wholly-  
504 owned subsidiary.

505 (b) (1) Any eligible taxpayer that intends to undertake an aerospace  
506 manufacturing project may apply to the commissioner for certification  
507 of such project as a certified aerospace manufacturing project. In order  
508 to receive such certification, an eligible taxpayer shall apply to the  
509 commissioner, in a form acceptable to the commissioner and including

510 such information as prescribed by the commissioner, including, but not  
511 limited to, (A) a detailed plan outlining the aerospace manufacturing  
512 project, (B) the term of such project, and (C) the estimated expenditures  
513 for such project. The commissioner may require such eligible taxpayer  
514 to submit such additional information as may be necessary to evaluate  
515 the application.

516 (2) All decisions of the commissioner with respect to any application  
517 received under subdivision (1) of this subsection shall be made in the  
518 commissioner's discretion. The provisions of this subsection shall not be  
519 construed to authorize suit against this state by any taxpayer that is  
520 denied certification by the commissioner and shall not be construed as  
521 a waiver of sovereign immunity.

522 (c) (1) Upon certification by the commissioner of an application as  
523 provided in subsection (b) of this section, the commissioner may enter  
524 into an assistance agreement with an eligible taxpayer pursuant to  
525 which the commissioner may, in consideration of the eligible taxpayer's  
526 agreement to meet the minimum requirements in a compliance year in  
527 connection with the certified aerospace manufacturing project and as  
528 further inducement for the eligible taxpayer to enter into an aerospace  
529 manufacturing project, agree to permit the eligible taxpayer to offset its  
530 sales and use tax liability and to claim a credit against its corporation  
531 business tax liability up to a specified amount for the corresponding  
532 compliance year.

533 (2) Such assistance agreement shall have a term of not less than  
534 twenty years and shall list:

535 (A) The specifications of the certified aerospace manufacturing  
536 project;

537 (B) The length of time the certified aerospace manufacturing project  
538 will take to complete;

539 (C) The minimum requirements the eligible taxpayer agrees to meet  
540 during each compliance year;

541 (D) The commitment by the eligible taxpayer to (i) maintain the  
542 headquarters, as set forth in the assistance agreement, of the wholly-  
543 owned subsidiary or its successor in this state, (ii) operate its primary  
544 helicopter production facility for its current United States government  
545 programs, as of the date of the assistance agreement, in this state, and  
546 (iii) to undertake and maintain its primary production of helicopters to  
547 be produced during the term of the assistance agreement under one or  
548 more future United States government programs specified in the  
549 assistance agreement in this state under production contracts entered  
550 into by the eligible taxpayer after April 28, 2022;

551 (E) The amount of sales and use tax that the eligible taxpayer is  
552 eligible to offset for each compliance year set forth in the assistance  
553 agreement, provided the eligible taxpayer meets the minimum  
554 requirements for each such compliance year;

555 (F) The terms and conditions of the repayment of any sales and use  
556 tax offsets and other required financial penalties resulting from the  
557 eligible taxpayer's failure to comply with the terms of the assistance  
558 agreement;

559 (G) The amount of corporation business tax, subject to the limits set  
560 forth in subsection (e) of this section, against which the eligible taxpayer  
561 is eligible to claim a credit for each compliance year set forth in the  
562 assistance agreement, provided the eligible taxpayer meets the  
563 minimum requirements for each such compliance year;

564 (H) The manner and method for the eligible taxpayer to provide  
565 notice of any disputed claim under the assistance agreement; and

566 (I) Any other terms and conditions the commissioner may require.

567 (3) The commissioner may amend the assistance agreement [shall] to  
568 provide that the project tax benefit be earned [and utilized] during the  
569 first eight years of the term of any production contract and utilized  
570 within the first nine years of the term of any production contract,  
571 provided no project tax benefit may be earned [or utilized] beyond the

572 benefit period or utilized beyond one year after the end of the benefit  
573 period.

574 (4) Any eligible taxpayer that enters into an assistance agreement  
575 with the commissioner under this subsection may, in the event of any  
576 disputed claim under such assistance agreement, bring an action against  
577 this state to the superior court for the judicial district of Hartford for the  
578 purpose of having such claim determined, provided notice of such  
579 disputed claim is first given to the commissioner in the manner and  
580 method described in such assistance agreement. No such action shall be  
581 allowed unless it is brought not later than two years after the date on  
582 which the eligible taxpayer gave proper notice to the commissioner in  
583 accordance with such assistance agreement. All legal defenses under  
584 such assistance agreement, except sovereign immunity, are reserved to  
585 this state.

586 (5) If the provisions of subsection (c) or (e) of section 32-223 or section  
587 32-462 are in conflict with the assistance agreement, the provisions of  
588 such assistance agreement shall supersede.

589 (6) Upon the execution of the assistance agreement, the commissioner  
590 shall issue an allocation notice stating the maximum combined amount  
591 of the sales and use tax offset and the refundable tax credit available to  
592 the eligible taxpayer for the benefit period and the specific requirements  
593 the eligible taxpayer shall meet to qualify for such offset and credit. Such  
594 notice shall certify to the eligible taxpayer that the offsets and credits  
595 may be claimed by the eligible taxpayer if the eligible taxpayer meets  
596 the specific requirements set forth in the notice.

597 (d) (1) The assistance agreement shall provide for the offset of sales  
598 and use tax amounts otherwise payable by the eligible taxpayer under  
599 the provisions of chapter 219. Such offset shall be made in the form,  
600 timing and manner determined by the commissioner in consultation  
601 with the Commissioner of Revenue Services. The sales and use tax offset  
602 amounts shall be calculated after the application of all other sales and  
603 use tax exemptions set forth in chapter 219 in effect on April 28, 2022

604 and any subsequent amendments to said chapter that the eligible  
605 taxpayer is eligible to claim. Nothing in this subsection shall affect the  
606 eligible taxpayer's ability to claim the sales and use tax exemptions that  
607 it otherwise qualifies for under any provision of the general statutes.

608 (2) Subsequent to a production contract taking effect for helicopters  
609 to be produced during the term of the assistance agreement, not later  
610 than sixty days after the end of each compliance year or, if the eligible  
611 taxpayer requests and the commissioner approves an extended date, not  
612 later than such extended date, the eligible taxpayer shall certify, subject  
613 to a third-party audit performed in accordance with the Department of  
614 Economic and Community Development audit guide or such protocols  
615 as may be set forth in the assistance agreement, the actual employment,  
616 wages, supplier spend and capital expenditure amounts to the  
617 commissioner in accordance with the requirements of the assistance  
618 agreement. If the results of such audit reveal that the eligible taxpayer  
619 has claimed a sales and use tax offset in excess of the amount allowable,  
620 the eligible taxpayer shall be subject to the repayment provisions as set  
621 forth in the assistance agreement. At the end of each compliance year,  
622 upon receipt of the eligible taxpayer's certification, the commissioner  
623 shall notify the Commissioner of Revenue Services whether the eligible  
624 taxpayer has met all minimum requirements necessary to qualify for the  
625 sales and use tax offset or is required to repay the amount of such offset  
626 in accordance with the terms of the assistance agreement.

627 (e) (1) If the results of the audit performed pursuant to subdivision  
628 (2) of subsection (d) of this section reveal that the eligible taxpayer was  
629 unable to utilize all of the sales and use tax offset to which it was entitled  
630 under the assistance agreement for a compliance year against its sales  
631 and use tax liability, the assistance agreement shall permit the eligible  
632 taxpayer to claim the excess amount as a refundable tax credit, not to  
633 exceed five million dollars for each compliance year, against the  
634 corporation business tax. If the amount of the excess is greater than five  
635 million dollars for any compliance year, the excess over five million  
636 dollars shall be carried forward to future compliance years to offset the  
637 eligible taxpayer's sales and use tax liability and then as refundable tax

638 credits of up to five million dollars for each compliance year against the  
639 eligible taxpayer's corporation business tax liability, until the excess is  
640 fully utilized, except that no carry-forward shall extend beyond one year  
641 after the end of the benefit period. Such carry-forward shall be utilized  
642 prior to any sales and use tax offset earned in any subsequent  
643 compliance year.

644 (2) If the amount of the refundable tax credit exceeds the eligible  
645 taxpayer's corporation business tax liability for the applicable income  
646 year, the Commissioner of Revenue Services shall treat such excess as  
647 an overpayment and shall refund the amount of such excess, without  
648 interest, to the eligible taxpayer. In no event shall the refundable tax  
649 credits allowed under this subsection exceed forty-five million dollars  
650 in the aggregate over the term of the assistance agreement. The eligible  
651 taxpayer shall claim the refundable tax credit allowed under this  
652 subsection on its corporate tax return for the income year that ends  
653 during the compliance year and such credit shall not be subject to the  
654 limits set forth in section 12-217zz. Notwithstanding the provisions of  
655 section 12-217aa, such credit shall be claimed after all other tax credits  
656 have been claimed.

657 (3) Not later than thirty days after the commissioner receives an audit  
658 performed pursuant to subdivision (2) of subsection (d) of this section  
659 or as provided for in the assistance agreement, during each year of the  
660 benefit period, the Department of Economic and Community  
661 Development shall issue the eligible taxpayer a credit voucher that sets  
662 forth the amount of the refundable tax credit permitted pursuant to this  
663 subsection and the income year for which such credit may be claimed.  
664 The commissioner shall annually provide to the Commissioner of  
665 Revenue Services a report detailing all credit vouchers that have been  
666 issued under this subsection.

667 (f) (1) The eligible taxpayer shall pay the total amount of project tax  
668 benefit that was utilized by the eligible taxpayer for a particular  
669 compliance year and any penalty set forth in the assistance agreement if  
670 the commissioner determines that the eligible taxpayer failed to satisfy

671 any of the minimum requirements for such compliance year.

672 (2) The project tax benefit utilized by the eligible taxpayer under  
673 subsections (d) and (e) of this section shall be subject to recapture during  
674 the contract years commencing on or after July 1, 2032, and ending on  
675 June 30, 2042, if the eligible taxpayer fails to satisfy during such time  
676 period certain annual thresholds relating to employee head count,  
677 average wages, supplier spend and capital expenditures, as detailed in  
678 the assistance agreement, and such other requirements including (A) the  
679 maintenance of the wholly-owned subsidiary's headquarters, as set  
680 forth in the assistance agreement, in this state, (B) the maintenance and  
681 operation of the company's primary helicopter production facility for its  
682 current United States government programs, as of the date of the  
683 assistance agreement, in this state, (C) the undertaking and maintaining  
684 in this state of the company's primary production for helicopters to be  
685 produced during the term of the assistance agreement under one or  
686 more of its future United States government programs specified in the  
687 assistance agreement under production contracts entered into by the  
688 eligible taxpayer after April 28, 2022, and (D) the maintenance of  
689 diversity and workforce training programs by the company in  
690 accordance with the terms of the assistance agreement.

691 (3) If the eligible taxpayer enters into a production contract with the  
692 United States government for one helicopter program specified in the  
693 assistance agreement, the targeted job requirement shall be seven  
694 thousand two hundred fifty, and the minimum job requirement shall be  
695 six thousand for each of the years subject to the recapture under  
696 subdivision (2) of this subsection. If the eligible taxpayer enters into  
697 production contracts with the United States government for two  
698 helicopter programs specified in the assistance agreement, the targeted  
699 job requirement shall be seven thousand seven hundred fifty, and the  
700 minimum job requirement shall be seven thousand for each of the years  
701 subject to the recapture under subdivision (2) of this subsection. The  
702 annual recapture amount shall be (A) repaid if the number of actual jobs  
703 in any year subject to the recapture is less than the minimum job  
704 requirement, and (B) prorated at ninety per cent value of the annual

705 recapture amount if the number of actual jobs is equal to or greater than  
706 the minimum job requirement but less than the targeted job  
707 requirement. In addition to the recapture job obligation, the  
708 commissioner may require other criteria, including, but not limited to,  
709 wage requirements, with respect to the recapture of the remaining ten  
710 per cent of the annual recapture amount. In no event shall the amount  
711 of the recapture exceed the annual recapture amount.

712 (g) The aggregate amount of the project tax benefit granted by the  
713 commissioner under this section shall not exceed (1) six million two  
714 hundred fifty thousand dollars for each compliance year or fifty million  
715 dollars during the term of the assistance agreement if the eligible  
716 taxpayer has entered into a production contract after April 28, 2022, with  
717 the United States government for one helicopter program specified in  
718 the assistance agreement, and (2) nine million three hundred seventy-  
719 five thousand dollars for each compliance year or seventy-five million  
720 dollars during the term of the assistance agreement if the eligible  
721 taxpayer has entered into production contracts after April 28, 2022, with  
722 the United States government for two helicopter programs specified in  
723 the assistance agreement.

724 (h) The commissioner shall not enter into any assistance agreement  
725 under subsection (c) of this section after January 31, 2023.

726 (i) The commissioner may make revisions to the terms of the  
727 assistance agreement to address a scenario where a delay, not caused by  
728 the eligible taxpayer, prevents the eligible taxpayer from entering into  
729 one or more production contracts by June 30, 2024. Such revisions may  
730 include changes to the timing of (1) the benefit period, (2) the  
731 compliance years, (3) the contract years, (4) the minimum requirements,  
732 and (5) the recapture period, and other conforming changes, provided  
733 in all cases, the project tax benefit shall be earned [and utilized] during  
734 the first eight years of the term of any such production contract and  
735 utilized not later than one year after the end of the benefit period.

736 (j) The commissioner may from time to time amend, supplement or



737 modify the terms of the assistance agreement consistent with the  
738 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-7t
Sec. 2	<i>from passage</i>	32-4p

**Statement of Purpose:**

To (1) replace provisions requiring a contract under the JobsCT tax rebate program with provisions requiring a rebate allocation notice, and (2) extend the time period an eligible taxpayer may utilize certain aerospace manufacturing project tax benefits earned under certain assistance agreements.

*[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.]*