



General Assembly

Raised Bill No. 1027

January Session, 2023

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 Section 32-7t of the general statutes is repealed and the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)
9 of 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
19 household income for residents in a municipality as calculated from
20 the U.S. Census Bureau's five-year American Community Survey or
21 another data source, at the sole discretion of the commissioner;

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

73 as the qualified business. For the purposes of this subdivision,
74 "control" means (i) ownership, directly or indirectly, of stock
75 possessing fifty per cent or more of the total combined voting power of
76 all classes of the stock of a corporation entitled to vote, (ii) ownership,
77 directly or indirectly, of fifty per cent or more of the capital or profits
78 interest in a partnership, limited liability company or association, or
79 (iii) ownership, directly or indirectly, of fifty per cent or more of the
80 beneficial interest in the principal or income of a trust. The ownership
81 of stock in a corporation, of a capital or profits interest in a
82 partnership, of a limited liability company or association or of a
83 beneficial interest in a trust shall be determined in accordance with the
84 rules for constructive ownership of stock provided in Section 267(c) of
85 the Internal Revenue Code of 1986, or any subsequent corresponding
86 internal revenue code of the United States, as amended from time to
87 time, other than paragraph (3) of said 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
90 the provisions of this section, may be allowed a tax rebate, which shall
91 be treated as a credit against the tax imposed under chapter 208 or
92 228z or 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
100 increased number of FTEs, projected state and local revenue that may
101 reasonably derive as a result of the increased number of FTEs and any
102 other information necessary to determine whether there will be net
103 benefits to the economy of the municipality or municipalities in which
104 the qualified business is primarily located and the state.

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

106 determine (A) whether the qualified business making the application
107 will be reasonably able to meet the FTE hiring targets and other
108 metrics as presented in such application, (B) whether such qualified
109 [business'] business's proposed job growth would provide a net benefit
110 to economic development and employment opportunities in the state,
111 and (C) whether such qualified [business'] business's proposed job
112 growth will exceed the number of jobs at the business that existed
113 prior to January 1, 2020. The commissioner may require the applicant
114 to submit additional information to evaluate an application. Each
115 qualified business making an application shall satisfy the requirements
116 of this subdivision, as determined by the commissioner, to be eligible
117 for the 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
123 disapproval. The commissioner shall render a decision on an
124 application not later than ninety days after the date of its receipt by the
125 commissioner.

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

139 enrolled in an postsecondary institution or program; or (G) are
140 currently enrolled in a workforce training program fully or
141 substantially paid for by the employer that results in such individual
142 earning a postsecondary credential.

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

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

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

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

171 hours or more in a calendar year equals one FTE. A job in which an
172 employee worked or is expected to work less than one thousand seven
173 hundred fifty hours equals a fraction of one FTE, where the fraction is
174 the number of hours worked in a calendar year divided by one
175 thousand seven hundred fifty. The commissioner shall have the
176 discretion to adjust the calculation of FTE.

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

184 (A) The sum of:

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

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

202 (B) The greater of:

203 (i) One thousand dollars multiplied by the lesser of (I) the new FTEs
204 created by December thirty-first of the calendar year that is two
205 calendar years prior to the calendar year in which the rebate is being
206 claimed, or (II) the new FTEs maintained in the calendar year
207 immediately prior to the calendar year in which the rebate is being
208 claimed; or

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

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

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

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

233 this section and the greater of the following:

234 (A) The sum of:

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

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

253 (B) The greater of:

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

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

264 in which the rebate is being claimed.

265 (2) In no event shall the rebate under this section exceed in any
266 calendar year of the rebate period five thousand dollars multiplied by
267 the lesser of the new discretionary FTEs (A) created by December
268 thirty-first of the calendar year that is two calendar years prior to the
269 calendar year in which the rebate is being claimed, or (B) maintained
270 in the calendar year immediately prior to the calendar year in which
271 the rebate is being claimed.

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

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

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

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

295 (2) An approved qualified business that has fewer than twenty-five
296 new FTEs created in each of two consecutive calendar years or, if such
297 business is approved by the commissioner pursuant to subdivision (4)
298 of subsection (c) of this section, fewer than twenty-five new
299 discretionary FTEs in each of two consecutive calendar years shall
300 forfeit all remaining rebate allocations, unless the commissioner
301 recognizes mitigating circumstances of a regional or national nature,
302 including, but not limited to, a recession.

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

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

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

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

329 (a) As used in this section:

330 (1) "Aerospace manufacturing project" means a project involving the
331 production of helicopters in this state that, if certified by the
332 commissioner as provided in subsection (b) of this section, will require
333 (A) primary helicopter production for current United States
334 government programs specified in the assistance agreement, as of the
335 date of the assistance agreement, to be carried out at one or more
336 facilities in this state, (B) the undertaking and maintaining of primary
337 production for helicopters to be produced during the term of the
338 assistance agreement under one or more future United States
339 government programs specified in the assistance agreement under
340 production contracts entered into by the eligible taxpayer after April
341 28, 2022, to be carried out at one or more facilities in this state, and (C)
342 minimum requirements for total employment in this state, average
343 employee wages in this state, supplier spend and capital expenditures
344 by an eligible taxpayer in furtherance of such project continuing
345 through at least June 30, 2042;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

392 (8) "Commissioner" means the Commissioner of Economic and
393 Community Development;

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

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

403 (11) "Contract year" means each twelve-month period commencing
404 July first and continuing through June thirtieth of the following year,
405 provided the initial contract year shall commence on July 1, 2022, and
406 end on June 30, 2023, and the last contract year shall commence on July
407 1, 2041, and end on June 30, 2042;

408 (12) "Corporation business tax" means the tax due under chapter
409 208;

410 (13) "Eligible taxpayer" means a company that, at the time
411 application is made under subsection (b) of this section, (A) is engaged
412 in the aerospace industry, (B) employs not less than seven thousand
413 individuals in this state, (C) operates the company's primary helicopter
414 production facility for its current United States government programs

415 in this state, (D) plans to bid on a production contract or contracts for a
416 helicopter under one or more United States government programs, and
417 (E) has a wholly-owned subsidiary with production facilities and its
418 headquarters, as set forth in the assistance agreement, in this state
419 prior to April 28, 2022;

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

422 (i) A minimum level of full-time employees in this state that is not
423 less than an average of seven thousand three hundred seventy-five for
424 each compliance year if the eligible taxpayer has entered into a
425 production contract for one United States government program
426 specified in the assistance agreement; and

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

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

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

441 (16) "Minimum requirements" means the minimum conditions the
442 eligible taxpayer must satisfy during each compliance year to qualify
443 for the sales and use tax offset for such compliance year and the
444 refundable tax credit for such compliance year, including, but not
445 limited to, (A) achieving the employee requirement, average wage

446 requirement, supplier spend requirement and capital expenditure
447 requirement, (B) the maintenance of the wholly-owned subsidiary's
448 headquarters, as set forth in the assistance agreement, in this state, (C)
449 the maintenance and operation of the company's primary helicopter
450 production facility for its current United States government programs,
451 as of the date of the assistance agreement, in this state, (D) the
452 undertaking and maintaining in this state of the company's primary
453 production for helicopters to be produced during the term of the
454 assistance agreement under one or more future United States
455 government programs specified in the assistance agreement under
456 production contracts entered into by the eligible taxpayer after April
457 28, 2022, and (E) the maintenance of diversity and workforce training
458 programs by the company in accordance with the terms of the
459 assistance agreement;

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

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

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

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

470 (21) "Regular place of business" means any bona fide office, factory,
471 warehouse or other space in this state at which a supply company is
472 doing business in its own name in a regular and systematic manner
473 and which place is continuously maintained, occupied and used by the
474 supply company in carrying on its business through its employees
475 regularly in attendance to carry on the supply company's business in
476 the supply company's own name. "Regular place of business" does not

477 include a place of business for a statutory agent for service of process,
478 a temporary office or location used by the supply company only for
479 the duration of the contract or an office maintained, occupied and used
480 by a person affiliated with the supply company;

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

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

484 (24) "Supply company" means any commercial business with a
485 regular place of business in this state that supplies goods and services
486 necessary to support (A) the manufacturing of company products, or
487 (B) company operations. "Supply company" does not include any local,
488 state or federal revenue collection or taxing entity;

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

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

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

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

500 (B) If an expenditure qualifies for both the supplier spend
501 requirement and the capital expenditures requirement, the eligible
502 taxpayer may choose between such categories for which such
503 expenditure may be counted. In no event shall any such expenditure
504 be counted towards more than one such category; and

505 (26) "Wholly-owned subsidiary" means a subsidiary of the
506 company, or such subsidiary's successor to its operations, that has its
507 headquarters, as set forth in the assistance agreement, in this state.
508 "Wholly-owned subsidiary" includes any direct or indirect subsidiary
509 of the company's wholly-owned subsidiary and any limited liability
510 company wholly owned directly or indirectly by the company's
511 wholly-owned subsidiary.

512 (b) (1) Any eligible taxpayer that intends to undertake an aerospace
513 manufacturing project may apply to the commissioner for certification
514 of such project as a certified aerospace manufacturing project. In order
515 to receive such certification, an eligible taxpayer shall apply to the
516 commissioner, in a form acceptable to the commissioner and including
517 such information as prescribed by the commissioner, including, but
518 not limited to, (A) a detailed plan outlining the aerospace
519 manufacturing project, (B) the term of such project, and (C) the
520 estimated expenditures for such project. The commissioner may
521 require such eligible taxpayer to submit such additional information as
522 may be necessary to evaluate the application.

523 (2) All decisions of the commissioner with respect to any application
524 received under subdivision (1) of this subsection shall be made in the
525 commissioner's discretion. The provisions of this subsection shall not
526 be construed to authorize suit against this state by any taxpayer that is
527 denied certification by the commissioner and shall not be construed as
528 a waiver of sovereign immunity.

529 (c) (1) Upon certification by the commissioner of an application as
530 provided in subsection (b) of this section, the commissioner may enter
531 into an assistance agreement with an eligible taxpayer pursuant to
532 which the commissioner may, in consideration of the eligible
533 taxpayer's agreement to meet the minimum requirements in a
534 compliance year in connection with the certified aerospace
535 manufacturing project and as further inducement for the eligible
536 taxpayer to enter into an aerospace manufacturing project, agree to
537 permit the eligible taxpayer to offset its sales and use tax liability and

538 to claim a credit against its corporation business tax liability up to a
539 specified amount for the corresponding compliance year.

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

542 (A) The specifications of the certified aerospace manufacturing
543 project;

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

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

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

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

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

566 (G) The amount of corporation business tax, subject to the limits set

567 forth in subsection (e) of this section, against which the eligible
568 taxpayer is eligible to claim a credit for each compliance year set forth
569 in the assistance agreement, provided the eligible taxpayer meets the
570 minimum requirements for each such compliance year;

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

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

574 (3) The commissioner may amend the assistance agreement [shall]
575 to provide that the project tax benefit be earned [and utilized] during
576 the first eight years of the term of any production contract and utilized
577 within the first nine years of the term of any production contract,
578 provided no project tax benefit may be earned [or utilized] beyond the
579 benefit period or utilized beyond one year after the end of the benefit
580 period.

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

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

596 (6) Upon the execution of the assistance agreement, the
597 commissioner shall issue an allocation notice stating the maximum

598 combined amount of the sales and use tax offset and the refundable tax
599 credit available to the eligible taxpayer for the benefit period and the
600 specific requirements the eligible taxpayer shall meet to qualify for
601 such offset and credit. Such notice shall certify to the eligible taxpayer
602 that the offsets and credits may be claimed by the eligible taxpayer if
603 the eligible taxpayer meets the specific requirements set forth in the
604 notice.

605 (d) (1) The assistance agreement shall provide for the offset of sales
606 and use tax amounts otherwise payable by the eligible taxpayer under
607 the provisions of chapter 219. Such offset shall be made in the form,
608 timing and manner determined by the commissioner in consultation
609 with the Commissioner of Revenue Services. The sales and use tax
610 offset amounts shall be calculated after the application of all other sales
611 and use tax exemptions set forth in chapter 219 in effect on April 28,
612 2022 and any subsequent amendments to said chapter that the eligible
613 taxpayer is eligible to claim. Nothing in this subsection shall affect the
614 eligible taxpayer's ability to claim the sales and use tax exemptions that
615 it otherwise qualifies for under any provision of the general statutes.

616 (2) Subsequent to a production contract taking effect for helicopters
617 to be produced during the term of the assistance agreement, not later
618 than sixty days after the end of each compliance year or, if the eligible
619 taxpayer requests and the commissioner approves an extended date,
620 not later than such extended date, the eligible taxpayer shall certify,
621 subject to a third-party audit performed in accordance with the
622 Department of Economic and Community Development audit guide or
623 such protocols as may be set forth in the assistance agreement, the
624 actual employment, wages, supplier spend and capital expenditure
625 amounts to the commissioner in accordance with the requirements of
626 the assistance agreement. If the results of such audit reveal that the
627 eligible taxpayer has claimed a sales and use tax offset in excess of the
628 amount allowable, the eligible taxpayer shall be subject to the
629 repayment provisions as set forth in the assistance agreement. At the
630 end of each compliance year, upon receipt of the eligible taxpayer's

631 certification, the commissioner shall notify the Commissioner of
632 Revenue Services whether the eligible taxpayer has met all minimum
633 requirements necessary to qualify for the sales and use tax offset or is
634 required to repay the amount of such offset in accordance with the
635 terms of the assistance agreement.

636 (e) (1) If the results of the audit performed pursuant to subdivision
637 (2) of subsection (d) of this section reveal that the eligible taxpayer was
638 unable to utilize all of the sales and use tax offset to which it was
639 entitled under the assistance agreement for a compliance year against
640 its sales and use tax liability, the assistance agreement shall permit the
641 eligible taxpayer to claim the excess amount as a refundable tax credit,
642 not to exceed five million dollars for each compliance year, against the
643 corporation business tax. If the amount of the excess is greater than
644 five million dollars for any compliance year, the excess over five
645 million dollars shall be carried forward to future compliance years to
646 offset the eligible taxpayer's sales and use tax liability and then as
647 refundable tax credits of up to five million dollars for each compliance
648 year against the eligible taxpayer's corporation business tax liability,
649 until the excess is fully utilized, except that no carry-forward shall
650 extend beyond one year after the end of the benefit period. Such carry-
651 forward shall be utilized prior to any sales and use tax offset earned in
652 any subsequent compliance year.

653 (2) If the amount of the refundable tax credit exceeds the eligible
654 taxpayer's corporation business tax liability for the applicable income
655 year, the Commissioner of Revenue Services shall treat such excess as
656 an overpayment and shall refund the amount of such excess, without
657 interest, to the eligible taxpayer. In no event shall the refundable tax
658 credits allowed under this subsection exceed forty-five million dollars
659 in the aggregate over the term of the assistance agreement. The eligible
660 taxpayer shall claim the refundable tax credit allowed under this
661 subsection on its corporate tax return for the income year that ends
662 during the compliance year and such credit shall not be subject to the
663 limits set forth in section 12-217zz. Notwithstanding the provisions of

664 section 12-217aa, such credit shall be claimed after all other tax credits
665 have been claimed.

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

676 (f) (1) The eligible taxpayer shall pay the total amount of project tax
677 benefit that was utilized by the eligible taxpayer for a particular
678 compliance year and any penalty set forth in the assistance agreement
679 if the commissioner determines that the eligible taxpayer failed to
680 satisfy any of the minimum requirements for such compliance year.

681 (2) The project tax benefit utilized by the eligible taxpayer under
682 subsections (d) and (e) of this section shall be subject to recapture
683 during the contract years commencing on or after July 1, 2032, and
684 ending on June 30, 2042, if the eligible taxpayer fails to satisfy during
685 such time period certain annual thresholds relating to employee head
686 count, average wages, supplier spend and capital expenditures, as
687 detailed in the assistance agreement, and such other requirements
688 including (A) the maintenance of the wholly-owned subsidiary's
689 headquarters, as set forth in the assistance agreement, in this state, (B)
690 the maintenance and operation of the company's primary helicopter
691 production facility for its current United States government programs,
692 as of the date of the assistance agreement, in this state, (C) the
693 undertaking and maintaining in this state of the company's primary
694 production for helicopters to be produced during the term of the
695 assistance agreement under one or more of its future United States
696 government programs specified in the assistance agreement under

697 production contracts entered into by the eligible taxpayer after April
698 28, 2022, and (D) the maintenance of diversity and workforce training
699 programs by the company in accordance with the terms of the
700 assistance agreement.

701 (3) If the eligible taxpayer enters into a production contract with the
702 United States government for one helicopter program specified in the
703 assistance agreement, the targeted job requirement shall be seven
704 thousand two hundred fifty, and the minimum job requirement shall
705 be six thousand for each of the years subject to the recapture under
706 subdivision (2) of this subsection. If the eligible taxpayer enters into
707 production contracts with the United States government for two
708 helicopter programs specified in the assistance agreement, the targeted
709 job requirement shall be seven thousand seven hundred fifty, and the
710 minimum job requirement shall be seven thousand for each of the
711 years subject to the recapture under subdivision (2) of this subsection.
712 The annual recapture amount shall be (A) repaid if the number of
713 actual jobs in any year subject to the recapture is less than the
714 minimum job requirement, and (B) prorated at ninety per cent value of
715 the annual recapture amount if the number of actual jobs is equal to or
716 greater than the minimum job requirement but less than the targeted
717 job requirement. In addition to the recapture job obligation, the
718 commissioner may require other criteria, including, but not limited to,
719 wage requirements, with respect to the recapture of the remaining ten
720 per cent of the annual recapture amount. In no event shall the amount
721 of the recapture exceed the annual recapture amount.

722 (g) The aggregate amount of the project tax benefit granted by the
723 commissioner under this section shall not exceed (1) six million two
724 hundred fifty thousand dollars for each compliance year or fifty
725 million dollars during the term of the assistance agreement if the
726 eligible taxpayer has entered into a production contract after April 28,
727 2022, with the United States government for one helicopter program
728 specified in the assistance agreement, and (2) nine million three
729 hundred seventy-five thousand dollars for each compliance year or

730 seventy-five million dollars during the term of the assistance
 731 agreement if the eligible taxpayer has entered into production
 732 contracts after April 28, 2022, with the United States government for
 733 two helicopter programs specified in the assistance agreement.

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

736 (i) The commissioner may make revisions to the terms of the
 737 assistance agreement to address a scenario where a delay, not caused
 738 by the eligible taxpayer, prevents the eligible taxpayer from entering
 739 into one or more production contracts by June 30, 2024. Such revisions
 740 may include changes to the timing of (1) the benefit period, (2) the
 741 compliance years, (3) the contract years, (4) the minimum
 742 requirements, and (5) the recapture period, and other conforming
 743 changes, provided in all cases, the project tax benefit shall be earned
 744 [and utilized] during the first eight years of the term of any such
 745 production contract and utilized not later than one year after the end
 746 of the benefit period.

747 (j) The commissioner may from time to time amend, supplement or
 748 modify the terms of the assistance agreement consistent with the
 749 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

CE

Joint Favorable C/R

FIN