



# CONNECTICUT GENERAL ASSEMBLY

Office of Fiscal Analysis

Office of Legislative Research

TO: Members of the Finance, Revenue and Bonding Committee

FROM: OFA & OLR Staff

RE: Items for April 18, 2023 Agenda

## BILLS FOR REVIEW

1. [S.B. No. 1234](#) (RAISED) AN ACT CONCERNING THE FAILURE TO FILE FOR CERTAIN GRAND LIST EXEMPTIONS. (FIN) **Proposed Action: JF to the Floor**

### **Summary:**

- Allows taxpayers in five municipalities (Berlin, Thomaston, Thompson, West Harford, and West Haven) to claim a property tax exemption for specified property and grand lists even though they missed the filing deadline
- EFFECTIVE DATE: July 1, 2023

### **Fiscal Impact:**

- Potential revenue loss or a cost to reimburse taxpayers in certain towns in an amount equal to the exemption they would have received. This impact is expected to occur only in FY 24.

2. [S.B. No. 1235](#) (RAISED) AN ACT IMPLEMENTING THE TREASURER'S RECOMMENDATIONS CONCERNING THE INVESTMENT ADVISORY COUNCIL AND RELATED STATUTES. (FIN) **Proposed Action: JFS to the Floor**

### **Summary of Proposed Substitute (LCO 6803):**

- Expands the investment-related job titles for which the state treasurer, in consultation with the Investment Advisory Council (IAC), may set compensation
- Eliminates a prohibition against the IAC's public members and their business organizations or affiliates contracting with or providing services for the investment of state trust funds while they serve on the council and for one year after, but requires that they recuse themselves from discussions or votes related to these contracts
- Eliminates the requirement that the IAC review contracts for investment-related services before the treasurer may award them, but authorizes the IAC to review any of these contracts that deviate from the investment policy statement that sets standards for investing state trust funds
- Makes various changes to the Connecticut Baby Bond Trust program, including the following:
  - Allows the program's implementation expenses to be added to the capped amount of bonds authorized for each year of the program
  - Subjects the bonds to standard statutory general obligation bond procedures and repayment requirements

- Exempts disbursements from the trust, rather than the trust’s property and earnings, from all state and local taxes
- Requires that the disbursements, rather than funds invested in the trust, be disregarded as assets or income for state assistance programs and need-based educational aid
- Exempts the trust’s property from the law for determining when property held by a fiduciary is presumed abandoned
- Eliminates the requirement that the state treasurer establish an accounting for each designated beneficiary and makes conforming changes
- Explicitly subjects the treasurer’s trust investments to the same oversight and requirements that the law establishes for other treasurer-administered funds, such as the Teachers’ Pension Fund, the State Employee Retirement Fund, and the Connecticut Municipal Employees’ Retirement Fund (e.g., investment review by the Investment Advisory Council)
- EFFECTIVE DATE: Upon passage

***Fiscal Impact:***

- Investment Officers –
  - No impact to appropriated funds. Various investment funds subject to potential changes of personnel cost.
- Baby Bonds -
  - No change to amount of bond authorization
  - The various administrative and programmatic changes to the bill may change the rate at which the existing GO bond authorizations are allocated and spent, which would also impact associated GF debt service payments.
  - Exemption of disbursements from state and local taxes precludes a potential revenue gain beginning in FY 42

3. [S.B. No. 1238](#) (RAISED) AN ACT CONCERNING CERTAIN TAX ASSESSMENT APPEALS PROCEEDINGS. (FIN) **Proposed Action: JFS to the Floor**

***Summary of Proposed Substitute (LCO 6847):***

- Creates a seven-member task force to review boards of assessment appeals proceedings and examine the feasibility of implementing a professional, independent appeals system for these proceedings
- Requires the task force to report its findings and recommendations to the Finance, Revenue and Bonding and Planning and Development committees by January 1, 2024
- EFFECTIVE DATE: Upon passage

***Fiscal Impact:***

- The bill establishes a task force to review boards of assessment appeals proceedings resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.

4. [S.B. No. 1244](#) (RAISED) AN ACT CONCERNING THE AWARDING OF STATE AND OTHER PROJECT CONTRACTS. (FIN) **Proposed Action: JFS to the Floor**

**Summary of Proposed Substitute:**

- Requires any individuals, state agencies, boards of education, or other political subdivisions receiving state funds for specified capital improvement projects to give priority to contractors that have entered into joint ventures with qualifying minority contractors
  - Applies to state-financed contracts for (1) capital projects awarded by a state agency or political subdivision, other than a municipality; (2) quasi-public agency projects; (3) municipal public works; and (4) school building projects
  - Requires any contractor awarded one of these contracts who will use subcontractors to fulfill it to make a good faith effort to contract with Black-, Hispanic-, and women-owned subcontractors in proportion to the demographic composition of all of the state's subcontractors, as determined by the Department of Administrative Services (DAS) commissioner
  - Requires these individuals, agencies, boards of education, and political subdivisions to annually report to DAS on these contracts; requires DAS to annually report to the legislature
- Authorizes the DAS commissioner to adopt regulations establishing prequalification requirements for minority contractors as an alternative to those set under the existing state contractor prequalification program; minority contractors are deemed prequalified under the existing program until these regulations are adopted
- EFFECTIVE DATE: October 1, 2023

**Fiscal Impact:**

- To the extent these changes alter the total cost of future projects, there would be a proportional change to the state's and/or municipality's costs for the projects listed

5. [H.B. No. 6920](#) (RAISED) AN ACT CONCERNING THE HISTORIC HOMES REHABILITATION TAX CREDIT. (FIN) **Proposed Action: JF to the Floor**

**Summary:**

- For historic homes tax credit vouchers issued on or after January 1, 2024, allows taxpayers to apply the credits against the personal income tax, rather than specified business taxes, and makes the credits refundable
- If the property owner is a nonprofit organization, allows it to claim the credits against the unrelated business income tax
- EFFECTIVE DATE: January 1, 2024, and applicable to tax years beginning on or after that date

**Fiscal Impact:**

- No fiscal impact as the bill does not alter the aggregate cap on the amount of credits allowed annually.

6. [H.B. No. 6921](#) (RAISED) AN ACT CONCERNING THE AMOUNT OF THE APPRENTICESHIP TAX CREDIT FOR THE CONSTRUCTION TRADES. (FIN) **Proposed Action: JFS to the Floor**

**Summary of Proposed Substitute (LCO 6563):**

- Increases, from \$4,000 to \$7,500, the maximum tax credit allowed for each construction trade apprentice under the apprenticeship training tax credit program
- As under existing law, credit amount is \$2 per hour multiplied by the total number of hours the apprentice completed during the first four years of a qualified apprenticeship training program; credit is capped at the lesser of (1) the maximum amount or (2) 50% of actual wages paid to the apprentice during the first four years
- Requires each person sponsoring a Department of Labor (DOL)-registered apprenticeship program to annually submit to DOL specified information related to the program
- EFFECTIVE DATE: January 1, 2024; tax credit provision is applicable to income years beginning on or after that date

**Fiscal Impact:**

- Section 1 results in a revenue loss of approximately \$150,000 annually beginning in FY 25.
- Section 2 results in a cost of \$24,489 in FY 24 (partial year) and \$100,404 in FY 25. The Office of Apprenticeship Training within DOL would require one Processing Technician to process, verify, and potentially adjust the information required under the bill from each of the approximately 1,700 employers and over 6,400 apprentice registration renewal transactions the agency receives annually. The annualized cost of this position is \$70,301 for salary and \$30,103 for fringe benefits.

7. [H.B. No. 6922](#) (RAISED) AN ACT CONCERNING THE BUSINESS OPERATING LOSS CARRY-OVER PERIOD. (FIN) **Proposed Action: JFS to the Floor**

**Summary of Proposed Substitute:**

- Extends, from 20 to 30 years, the period that corporations may carry forward a net operating loss (NOL) deduction for corporation business tax purposes for losses incurred in the 2015 income year or later
- EFFECTIVE DATE: Upon passage

**Fiscal Impact:**

- Revenue loss as early as FY 24, the magnitude of which is dependent on the timing and amount of individual corporations' otherwise expiring net operating losses.

8. [H.B. No. 6923](#) (RAISED) AN ACT CONCERNING THE SALES AND USE TAXES ON AMBULANCE-TYPE MOTOR VEHICLES AND AMBULANCES. (FIN) **Proposed Action: JF to the Floor**

**Summary:**

- Exempts from sales and use tax (1) ambulance-type vehicles used exclusively to transport medically incapacitated individuals, except those used to transport such individuals for payment, and (2) any ambulance operating under a DPH-issued license or certificate
- EFFECTIVE DATE: July 1, 2023, and applicable to sales occurring on or after that date

***Fiscal Impact:***

- Up to \$1 million annually in revenue loss to the state.

9. [H.B. No. 6924](#) (RAISED) AN ACT CONCERNING THE ASSIGNMENT OF FUNDS IN QUALIFIED ESCROW FUNDS AND THE APPOINTMENT OF AN AGENT BY CERTAIN TOBACCO PRODUCT MANUFACTURERS. (FIN) **Proposed Action: JF to the Floor**

***Summary:***

- Allows nonparticipating tobacco products manufacturers who escrow funds under the tobacco settlement agreement, or a third party to whom they have transferred their interests, to assign their interests in the escrowed funds to the state
- Requires that funds assigned to the state in this manner be deposited in the Tobacco Health and Trust Fund
- Requires nonparticipating manufacturers to designate an agent for service of process; makes the secretary of the state the agent for those that do not designate one
- EFFECTIVE DATE: October 1, 2023

***Fiscal Impact:***

- The bill would enable recovery of certain tobacco funds placed in escrow for the benefit of Connecticut. According to testimony by the Office of the Attorney General, some non-participating manufacturers may be defunct or have very few funds in their accounts. The bill would allow them (or banks holding the accounts, if the non-participating manufacturer has abandoned them) to close the account and transfer the money to the state Tobacco and Health Trust Fund.

10. [H.B. No. 6927](#) (RAISED) AN ACT CONCERNING AN ADDITIONAL TAX CREDIT FOR CERTAIN CORPORATIONS FOR INVESTMENTS IN FIXED CAPITAL. (FIN) **Proposed Action: JF to the Floor**

***Summary:***

- For income years beginning on or after January 1, 2024, allows certain corporations who own LLCs to claim the fixed capital investment tax credit for amounts the LLC invested in qualifying fixed capital (as under existing law, credit is 5% of the amount paid for fixed capital)
- Applies to corporations that own at least 80%, directly or indirectly, of an LLC treated as a partnership or disregarded entity for federal income tax purposes
- EFFECTIVE DATE: January 1, 2024

***Fiscal Impact:***

- General Fund revenue loss of at least \$400,000 annually beginning in FY 25

11. [H.B. No. 6928](#) (RAISED) AN ACT CONCERNING THE PERSONAL INCOME TAX TREATMENT OF CERTAIN STUDENT LOAN FORGIVENESS AMOUNTS. (FIN) **Proposed Action: JF to the Floor**

***Summary:***

- Creates an income tax deduction for up to \$10,000 of federally taxable student loan forgiveness a taxpayer receives

- EFFECTIVE DATE: January 1, 2024, and applicable to tax years beginning on or after that date

**Fiscal Impact:**

- No fiscal impact through FY 26 as the American Rescue Plan Act of 2021 exempted federal student loan forgiveness from taxation at the federal level until the end of 2025.

12. [H.B. No. 6930](#) (RAISED) AN ACT CONCERNING THE DEVELOPMENT OF BEST PRACTICES FOR GOVERNANCE STRUCTURES OF MUNICIPAL RETIREMENT PLANS. (FIN) **Proposed Action: JF to the Floor**

**Summary:**

- Requires each municipality, by November 1, 2023, to provide the comptroller with a statement on whether the municipality has adopted an investment policy statement and certain specified information about each retirement plan the municipality offers to its employees (including the funded ratio and governance structure of any municipal entity managing the plan)
- Requires the comptroller, treasurer, and OPM secretary to (1) develop best practices for municipal retirement plan governance structures and training resources to help municipalities implement or improve their plans' governance structure and (2) report to the Finance, Revenue and Bonding and Planning and Development committees on the best practices and training resources developed and any recommendations for related legislative changes
- EFFECTIVE DATE: Upon passage

**Fiscal Impact:**

- None

13. [S.B. No. 420](#) (COMM) AN ACT ESTABLISHING A TAX CREDIT FOR EMPLOYERS WHO HIRE PERSONS WITH DISABILITIES. (HS,HS,FIN) **Proposed Action: JF to the Floor**

**Summary:**

- Establishes a job creation tax credit program for employers who hire a "new qualifying employee" who lives in Connecticut and is required to work at least 15 hours per week for at least 24 weeks in a calendar year
  - Credit is \$200 per month for each new qualifying employee hired and may be used against the personal income, corporation business, insurance premiums, and utility companies tax
  - Defines "new qualifying employee" as a person with disabilities who (1) qualifies for the MED-Connect program or has received or is receiving specified employment support services, and (2) is hired by the employer to fill a job in the 2024 income year or after
- Appropriates \$1 million each to the Departments of Aging and Disability Services and Developmental Services from the General Fund for FY 24 to expand employment support services for persons with disabilities
- EFFECTIVE DATE: July 1, 2023, except the tax credit is effective January 1, 2024, and applicable to income and taxable years commencing on or after January 1, 2024

**Fiscal Impact:**

- General Fund revenue loss of less than \$75,000 beginning in FY 25

- One-time cost to the Department of Revenue Services of up to \$75,000 in FY 24 associated with programming updates to the CTax tax administration system and myconneCT online portal, and form modification.

14. [S.B. No. 939](#) (RAISED) AN ACT CONCERNING PROPERTY TAX ABATEMENT FOR CERTAIN FIRST-TIME HOME BUYERS. (HSG,FIN) **Proposed Action: JF to the Floor**

**Summary:**

- Allows municipalities to abate up to \$500 in property taxes per assessment year for up to five years on a residential property owned by someone who purchased it with a Connecticut Housing Finance Authority-issued mortgage for first-time homebuyers
- EFFECTIVE DATE: October 1, 2023, and applicable to assessment years beginning or after that date

**Fiscal Impact:**

- Potential revenue loss beginning in FY 24 to any municipality that chooses to abate up to \$500 in property taxes, for up to five years, for certain first-time home buyers.

15. [S.B. No. 1027](#) (RAISED) AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS REGARDING THE JOBSCT TAX REBATE PROGRAM AND CERTAIN AEROSPACE MANUFACTURING PROJECTS. (CE,FIN) **Proposed Action: JF to the Floor**

**Summary:**

- Eliminates the requirement that businesses receiving JobsCT assistance enter into a contract with DECD
- Allows the DECD commissioner to amend the assistance agreement with an eligible aerospace company (authorized by PA 22-4) to allow the company one additional year to use the tax benefits provided in the act
- Similarly allows the aerospace company one additional year (i.e., to June 30, 2033) to use any carry forward amounts (i.e., corporation business tax credits that exceed the annual maximum)
- EFFECTIVE DATE: Upon passage

**Fiscal Impact:**

- The bill results in a timing shift of revenue loss under the program for one additional year, from FY 32 to FY 33.

16. [H.B. No. 6679](#) (RAISED) (File No. 61) AN ACT CONCERNING AGING AND PERSONS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES. (AGE) **Proposed Action: JF to the Floor**

17. [Substitute for H.B. No. 6692](#) (RAISED) AN ACT CONCERNING CERTAIN ARTS, CULTURE AND TOURISM GRANTS. (CE) **Proposed Action: JFS to the Floor**

**Summary of Proposed Substitute:**

- Expressly allows DECD to provide grants, loans, or advances for statewide marketing, infrastructure, or workforce development related to artistic and cultural programs and activities

- Among other things, requires DECD to (1) within available appropriations, develop and administer a grant program to support entities engaging in tourism-related activities and (2) establish metrics and an accountability structure for the state’s tourism investments
- Requires DECD to identify strategic goals and establish metrics and an accountability structure for the special incentive grant program that the law requires it to administer
- EFFECTIVE DATE: July 1, 2023

***Fiscal Impact:***

- The bill results in a potential cost by requiring DECD to develop a grant program to support tourism initiatives. DECD currently funds various statewide and local tourism initiatives. Any additional tourism programs would result in a cost that would be dependent upon the scope of the new program.
- The bill has no fiscal impact by requiring DECD to establish metrics and accountability measures for certain arts, culture, and tourism programs

18. [H.B. No. 6779](#) (RAISED) AN ACT ESTABLISHING A TASK FORCE TO STUDY A HOUSING OPPORTUNITIES TAX CREDIT. (HSG,FIN) **Proposed Action: JF to the Floor**

***Summary:***

- Establishes a task force to study a housing opportunity tax credit for landlords offering housing to formerly incarcerated individuals
- EFFECTIVE DATE: Upon passage

***Fiscal Impact:***

- The bill establishes a task force to study a housing opportunities tax credit resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.