



Agency Legislative Proposal – 2023 Session
Document Name: 100322_DECD3_JobsCTandSikorskyFix

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Naming Format: AGENCY ACRONYM PROPOSAL NUMBER - TOPIC

Please insert a copy of the fully drafted bill at the end of this document (required for review)

Legislative Liaison	Kyle Abercrombie
Division Requesting This Proposal	Office of Business Development
Drafter(s)	George Norfleet, Tricia Paesani, and Kara Sene

Title of Proposal	AN ACT CONCERNING THE JOBSCT TAX REBATE PROGRAM
Statutory Reference, if any	Section 420 of public act 22-118
Brief Summary and Statement of Purpose	The current JobsCT language requires DECD to enter into a contract with qualified businesses. This proposal would eliminate that requirement and allow DECD to perform a rebate allocation notice without a contract, similar to what is done for the Urban Industrial Sites Reinvestment (URA) Tax Credit. This change will streamline the JobsCT process and is cheaper for both DECD and for the customer as it eliminates the need to hire a lawyer.

SECTION-BY-SECTION SUMMARY

Summarize sections in groups where appropriate



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Section 1(a)(16) eliminates reference to a contract.

Section 1(c)(6) eliminates reference to a contract and makes it clear that the approved qualified business “consents” to DECD’s access to data rather than saying that the applicant “shall consent” via a contract.

Section 1(c)(7) eliminates reference to a contract.

BACKGROUND

Origin of Proposal New Proposal Resubmission

If this is a resubmission, please share the prior bill number, the reason the bill did not move forward, and any changes made or conversations had since it was last proposed:

Please consider the following, if applicable:

Have there been changes in federal/state laws or regulations that make this legislation necessary?	No.
Has this proposal or a similar proposal been implemented in other states? If yes, to what result?	Not that we’re aware of.
Have certain constituencies called for this proposal?	No.



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INTERAGENCY IMPACT

List each affected agency. Copy the table as needed.

Check here if this proposal does NOT impact other agencies

1. Agency Name	
Agency Contact (name, title)	
Date Contacted	
Status	<input type="checkbox"/> Approved <input type="checkbox"/> Talks Ongoing
Open Issues, if any	

FISCAL IMPACT

Include the section number(s) responsible for the fiscal impact and the anticipated impact

Check here if this proposal does NOT have a fiscal impact

State	
Municipal (Include any municipal mandate that can be found within legislation)	
Federal	
Additional notes	



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MONITORING & EVALUATION PLAN

If applicable, please describe the anticipated measurable outcomes and the data that will be used to track those outcomes. Include the section number(s) responsible for those outcomes

[X] Check here if this proposal does NOT lead to any measurable outcomes

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ANYTHING ELSE WE SHOULD KNOW?

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INSERT FULLY DRAFTED BILL HERE

AN ACT CONCERNING THE JOBSCT TAX REBATE PROGRAM.

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

Section 1. Section 420 of public act 22-118 is amended to read as follows (*Effective from passage*):

(a) As used in this section:

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

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



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(3) "Distressed municipality" has the same meaning as provided in section 32-9p of the general statutes;

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

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

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

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

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

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

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

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



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

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

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

(15) "Qualified wages" means wages sourced to this state pursuant to section 12-705 of the general statutes;

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

(17) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the qualified business, (B) an individual, corporation, limited liability company, partnership, association or trust that is in control of the qualified business, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the qualified business, or (D) a member of the same controlled group as the qualified business. For the purposes of this subdivision, "control" means (i) ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of a corporation entitled to vote, (ii) ownership, directly or indirectly, of fifty per cent or more of the capital or profits interest in a partnership, limited liability company or association, or (iii) ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of a trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, of a limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as



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amended from time to time, other than paragraph (3) of said section.

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

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

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

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



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

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

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

(7) ~~[Upon signing a contract with an approved qualified business, t]~~ The commissioner shall issue a rebate allocation notice stating the maximum amount of each rebate available to such approved qualified business for the rebate period and the specific terms that such business shall meet to qualify for each rebate. Such notice shall certify to the approved qualified business that the rebates may be claimed by such business if it meets the specific terms set forth in the notice. Such terms shall include the required wage, as determined by the commissioner, such business shall pay new discretionary FTEs to qualify for the

Commented [DM1]: Move this language to the notice section below. Provides DECD with the discretion to set the minimum wage without the administrative costs of entering into contracts. This would make the program similar to the film credit voucher programs.



[tax rebates provided for in subsection \(f\) of this section.](#)

(d) For the purposes of this section, the FTE of a full-time job or part-time job is based on the hours worked or expected to be worked by an employee in a calendar year. A job in which an employee worked or is expected to work one thousand seven hundred fifty hours or more in a calendar year equals one FTE. A job in which an employee worked or is expected to work less than one thousand seven hundred fifty hours equals a fraction of one FTE, where the fraction is the number of hours worked in a calendar year divided by one thousand seven hundred fifty. The commissioner shall have the discretion to adjust the calculation of FTE.

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

(A) The sum of:

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

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

(B) The greater of:



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

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

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

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

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

(A) The sum of:

(i) The lesser of the new discretionary FTEs (I) created in an opportunity zone or distressed municipality on December thirty-first of the calendar year that is two calendar years prior to the calendar year in which the rebate is being claimed, or (II) maintained in an opportunity zone or distressed municipality in the previous calendar year, multiplied by fifty per cent of the income tax that would be paid on the average wage of the new discretionary FTEs, as determined by the applicable marginal rate set forth in



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chapter 229 of the general statutes for an unmarried individual based solely on such wages; and

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

(B) The greater of:

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

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

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

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

(g) (1) Notwithstanding the provisions of subdivisions (3) and (4) of subsection (c) of this section, the commissioner may not approve an application in whole or in part if the



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full amount of rebates that such applicant may be paid pursuant to subsection (e) or (f) of this section would result in the aggregate amount of rebates issued to all approved qualified businesses under this section exceeding forty million dollars in any fiscal year.

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

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

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

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

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



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that have been issued under this section.

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

Sec. 2. Section 1 of public act 22-4 is amended to read as follows (*Effective from passage*):

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

(I) Eighty-one million nine hundred thousand dollars for the compliance year ending



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June 30, 2031; and

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

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

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

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

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

(12) "Corporation business tax" means the tax due under chapter 208 of the general statutes;

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

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

(i) A minimum level of full-time employees in this state that is not less than an average



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of seven thousand three hundred seventy-five for each compliance year if the eligible taxpayer has entered into a production contract for one United States government program specified in the assistance agreement; and

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

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

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

(16) "Minimum requirements" means the minimum conditions the eligible taxpayer must satisfy during each compliance year to qualify for the sales and use tax offset for such compliance year and the refundable tax credit for such compliance year, including, but not limited to, (A) achieving the employee requirement, average wage requirement, supplier spend requirement and capital expenditure requirement, (B) the maintenance of the wholly-owned subsidiary's headquarters, as set forth in the assistance agreement, in this state, (C) the maintenance and operation of the company's primary helicopter production facility for its current United States government programs, as of the date of the assistance agreement, in this state, (D) the undertaking and maintaining in this state of the company's primary production for helicopters to be produced during the term of the assistance agreement under one or more future United States government programs specified in the assistance agreement under production contracts entered into by the eligible taxpayer after the effective date of this section, and (E) the maintenance of diversity and workforce training programs by the company in accordance with the terms of the assistance agreement;

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

(c) (1) Upon certification by the commissioner of an application as provided in subsection (b) of this section, the commissioner may enter into an assistance agreement with an eligible taxpayer pursuant to which the commissioner may, in consideration of the eligible taxpayer's agreement to meet the minimum requirements in a compliance year in connection with the certified aerospace manufacturing project and as further inducement for the eligible taxpayer to enter into an aerospace manufacturing project,



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agree to permit the eligible taxpayer to offset its sales and use tax liability and to claim a credit against its corporation business tax liability up to a specified amount for the corresponding compliance year.

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

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

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

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

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

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

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

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

(H) The manner and method for the eligible taxpayer to provide notice of any disputed



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claim under the assistance agreement; and

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

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

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

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

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

(d) (1) The assistance agreement shall provide for the offset of sales and use tax amounts otherwise payable by the eligible taxpayer under the provisions of chapter 219 of the general statutes. Such offset shall be made in the form, timing and manner determined by the commissioner in consultation with the Commissioner of Revenue



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Services. The sales and use tax offset amounts shall be calculated after the application of all other sales and use tax exemptions set forth in chapter 219 of the general statutes in effect on the effective date of this section and any subsequent amendments to said chapter that the eligible taxpayer is eligible to claim. Nothing in this subsection shall affect the eligible taxpayer's ability to claim the sales and use tax exemptions that it otherwise qualifies for under any provision of the general statutes.

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

(e) (1) If the results of the audit performed pursuant to subdivision (2) of subsection (d) of this section reveal that the eligible taxpayer was unable to utilize all of the sales and use tax offset to which it was entitled under the assistance agreement for a compliance year against its sales and use tax liability, the assistance agreement shall permit the eligible taxpayer to claim the excess amount as a refundable tax credit, not to exceed five million dollars for each compliance year, against the corporation business tax. If the amount of the excess is greater than five million dollars for any compliance year, the excess over five million dollars shall be carried forward to future compliance years to offset the eligible taxpayer's sales and use tax liability and then as refundable tax credits of up to five million dollars for each compliance year against the eligible taxpayer's corporation business tax liability, until the excess is fully utilized, except that no carry-forward shall extend beyond the benefit period. Such carry-forward shall be utilized



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prior to any sales and use tax offset earned in any subsequent compliance year.

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

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

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

(2) The project tax benefit utilized by the eligible taxpayer under subsections (d) and (e) of this section shall be subject to recapture during the contract years commencing on or after July 1, 2032, and ending on June 30, 2042, if the eligible taxpayer fails to satisfy during such time period certain annual thresholds relating to employee head count, average wages, supplier spend and capital expenditures, as detailed in the assistance agreement, and such other requirements including (A) the maintenance of the wholly-owned subsidiary's headquarters, as set forth in the assistance agreement, in this state, (B) the maintenance and operation of the company's primary helicopter production



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facility for its current United States government programs, as of the date of the assistance agreement, in this state, (C) the undertaking and maintaining in this state of the company's primary production for helicopters to be produced during the term of the assistance agreement under one or more of its future United States government programs specified in the assistance agreement under production contracts entered into by the eligible taxpayer after the effective date of this section, and (D) the maintenance of diversity and workforce training programs by the company in accordance with the terms of the assistance agreement.

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

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



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specified in the assistance agreement.

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

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

(j) The commissioner may from time to time amend, supplement or modify the terms of the assistance agreement consistent with the provisions of this section.