



Agency Legislative Proposal - 2022 Session

Document Name: 012322_DECD_TechRevisions

(If submitting electronically, please label with date, agency, and title of proposal – 092621_SDE_TechRevisions)

State Agency: Department of Economic and Community Development

Liaison: Kyle Abercrombie

Phone: 860-856-0153

E-mail: kyle.abercrombie@ct.gov

Lead agency division requesting this proposal: [Click here to enter text.](#)

Agency Analyst/Drafter of Proposal: Kyle Abercrombie

Title of Proposal: An Act Making Technical Revisions to the Department of Economic and Community Development Statutes

Statutory Reference: CGS Sec. 32-7g; Sec. 488 of P.A. 21-2 JSS; CGS Sec. 10-416c

Proposal Summary:

Small Business Express

This proposal clarifies that DECD may partner with external organization to implement the Small Business Express Program.

Innovation Corridor and Communities Challenge

The implementer language that ultimately passed in the 2021 special session left some ambiguity around the amount of funding and grant process for DECD's Innovation Corridor and Communities Challenge programs. This proposal would (1) clarify DECD may spend \$100m on each program, (2) clarify the competitive process by which DECD may select grant recipients, and (3) clarify the maximum grant amount for each grant under the Communities Challenge Program.

Historic Rehabilitation Tax Credit

Amend section (7)(h) of the statute to allow for broader use of the application fees received under the program. The amendment would continue to allow the fees to be used for the administration of the program, but also for future programming that aligns with the SHPO's statewide preservation plan, "Shared Stewardship: 2018-2023." The statewide preservation plan is a requirement of the SHPO's annual grant from the National Park Service. Future uses of the fees could include programming that 1) builds demographic representation in the field of historic preservation and 2) supports preservation initiatives in rural and underserved



communities historically. Of note, the fees collected from applications to the program partially fund the administrator's salary and cover the costs of the administrator's office supplies.

PROPOSAL BACKGROUND

◇ Reason for Proposal

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)? Are other states considering something similar this year?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

[Click here to enter text.](#)

◇ Origin of Proposal

☐ New Proposal

☐ Resubmission

If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

[Click here to enter text.](#)

PROPOSAL IMPACT

◇ AGENCIES AFFECTED *(please list for each affected agency)*

Agency Name: [Click here to enter text.](#)

Agency Contact (name, title, phone): [Click here to enter text.](#)

Date Contacted: [Click here to enter text.](#)

Approve of Proposal ☐ YES ☐ NO ☐ Talks Ongoing

Summary of Affected Agency's Comments

[Click here to enter text.](#)

Will there need to be further negotiation? ☐ YES ☐ NO

◇ FISCAL IMPACT *(please include the proposal section that causes the fiscal impact and the anticipated impact)*



Municipal *(please include any municipal mandate that can be found within legislation)*

Click here to enter text.

State

Click here to enter text.

Federal

Click here to enter text.

Additional notes on fiscal impact

Click here to enter text.

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

Click here to enter text.

◇ **EVIDENCE BASE**

What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First [evidence definitions](#) can help you to establish the evidence-base for your program and their [Clearinghouse](#) allows for easy access to information about the evidence base for a variety of programs.

Click here to enter text.

Insert fully drafted bill here

**AN ACT MAKING TECHNICAL REVISIONS TO THE DEPARTMENT OF
ECONOMIC AND COMMUNITY DEVELOPMENT STATUTES**

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

Sec. 1. Subsection (a) of Section 32-7g of the general statutes, as amended by section 283 June Special Session public act 21-2, is repealed, and the following is substituted in lieu thereof *(Effective upon passage)*:



(a) There is established within the Department of Economic and Community Development the Small Business Express program. Said program shall provide small businesses with various forms of financial assistance. The Commissioner of Economic and Community Development, at his or her discretion, may partner with nonprofits, economic and community development organizations, lending institutions, technical assistance providers, or other entities approved by the Department of Economic and Community Development in order to fulfill the requirements of this section. A small business eligible for assistance through said program shall (1) employ not more than one hundred employees, (2) have operations in Connecticut, and (3) be in good standing with the payment of all state and local taxes and with all state agencies. It shall be the goal of the Department of Economic and Community Development that, on or before July 1, 2026, the Small Business Express program be self-funded and that the default rate of small businesses that receive assistance under said program be not more than twenty per cent.

Sec. 2. Section 488 of public act 21-2 of the June special session is amended to read as follow (Effective from passage):

(a) ~~For the fiscal years ending June 30, 2022, to~~ On and after July 1, 2021, and until June 30, 2024, ~~inclusive,~~ the Commissioner of Economic and Community Development, in coordination with the Secretary of the Office of Policy and Management, may, for the purposes of implementing the state's Economic Action Plan, use bond funds, funding received as a result of the American Rescue Plan Act of 2021, P.L. 117-2, as amended from time to time, and available resources, to provide (1) not more than one hundred million dollars ~~for~~ in aggregate for grants in support of major projects selected pursuant to subsection (b) of this section, and (2) ~~matching grants~~ not more than one hundred million dollars in aggregate for community development grants selected pursuant to subsection (c) of this section. Total funding for grants provided under this section shall not exceed two hundred million dollars.

(b) On and after July 1, 2021, and until ~~July 1,~~ June 30, 2024, the Department of Economic and Community Development may ~~develop and issue requests for proposals for~~ establish a competitive selection process for grants in support of major projects in the state, known as the Innovation Corridor program. The department shall develop criteria consistent with the purposes of the state's Economic Action Plan to (1) evaluate ~~proposals submitted pursuant to applications under~~ this subsection, and (2) select ~~proposals~~ applications for funding pursuant to subdivision (1) of subsection (a) of this section.

(c) On and after July 1, 2021, and until ~~July 1,~~ June 30, 2024, the ~~Commissioner~~ Department of Economic and Community Development may establish a competitive ~~grant program~~ selection process to provide ~~matching~~ community development grants of not more than ten million dollars for ~~major projects selected pursuant to subsection (b) of this section. Each major project~~



~~selected pursuant to subsection (b) of this section shall be eligible for a matching grant under this subsection not more than two times a year. The commissioner shall establish eligibility criteria, an application process, evaluation criteria and reporting requirements for the competitive grant program.~~ each grant, known as the Connecticut Communities Challenge program, The department shall develop criteria consistent with the purposes of the state's Economic Action Plan to (1) evaluate applications under this subsection, and (2) select applications for funding pursuant to subdivision (2) of subsection (a) of this section.

Sec. 3. Subsection (h) of Section 10-416c of the general statutes is repealed, and the following is substituted in lieu thereof (*Effective upon passage*):

(h) The Department of Economic and Community Development may charge any owner seeking a tax credit pursuant to subsection (b) of this section an application fee in an amount not to exceed ten thousand dollars. ~~[to cover the cost of administering the program established pursuant to this section.]~~ Such fees shall be used to cover (1) the cost of administering the program established pursuant to this section and (2) funding programs that advance historic preservation in the state.

Agency Legislative Proposal - 2022 Session

Document Name: 100121_DECD_JobsCT

(If submitting electronically, please label with date, agency, and title of proposal –
092621_SDE_TechRevisions)

State Agency: Department of Economic and Community Development

Liaison: Kyle Abercrombie

Phone: 203-856-0153

E-mail: kyle.abercrombie@ct.gov

Lead agency division requesting this proposal: Office of Business Development

Agency Analyst/Drafter of Proposal: Kyle Abercrombie

Title of Proposal: An Act Establishing the JobsCT Tax Rebate Program

Statutory Reference: [Click here to enter text.](#)

Proposal Summary:

This new program will be the primary incentive package that DECD offers companies looking to expand and/or relocate to the state. Eligible employers who create a minimum of 25 new FTEs with a minimum annual salary of 85% of the median HH income of the municipality where the jobs will be located in a Jobs CT focus area can retain (or be rebated) 25% of the withholding taxes from the new employment for up to 7 years. 5 years of benefit would standard, year 6 and year 7 would be at the discretion of the Commissioner. Employers who locate and grow new jobs in a Connecticut's Opportunity Zones or Distressed Municipalities are eligible to retain 50% of the withholding taxes over the same time period. Employers may only count jobs with a minimum annual salary must be \$37,500. The rebate would be floored at \$1,000 and capped at \$5,000. Additionally, for any business that creates jobs in 2021 through this program will be eligible for double the amount of credit. The tax credits requires a look back provision, so that companies will not be eligible for the credit if they create jobs to replace jobs that were recently lost.

PROPOSAL BACKGROUND

◇ Reason for Proposal

Please consider the following, if applicable:

- (1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)? Are other states considering something similar this year?*
- (3) *Have certain constituencies called for this action?*
- (4) *What would happen if this was not enacted in law this session?*

Transparent – A clear and simple incentive for companies to evaluate when considering growing in or re-locating to Connecticut. No “black box.” Earn-as-you-grow – Benefit is earned as jobs are created and maintained over time which eliminates any credit or counterparty risk. There is no “winner-picking” and all eligible employers will benefit. Targeted – Industries and focus areas are strategic building on our strengths of today and ecosystems we want to grow in our economy of tomorrow.

◇ **Origin of Proposal**

☐ **New Proposal**

☒ **Resubmission**

If this is a resubmission, please share:

- (1) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration’s package?*
- (2) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) *What was the last action taken during the past legislative session?*

HB 6440 received broad, bipartisan support in the Commerce Committee during the 2021 session, as well as support from CCM, AdvanceCT, CRDA, ACLU, Middlesex Chamber of Commerce, and CBIA. Unfortunately, when the bill was referred to the Finance Committee it died of inaction.

PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

Agency Name: DRS

Agency Contact (name, title, phone): Susan Sherman

Date Contacted: [Click here to enter text.](#)

Approve of Proposal ☐ **YES** ☐ **NO** ☐ **Talks Ongoing**

Summary of Affected Agency’s Comments

[Click here to enter text.](#)

Will there need to be further negotiation? ☐ **YES** ☐ **NO**

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal *(please include any municipal mandate that can be found within legislation)*

None

State

While there is no money going out the door, starting in two years after the program is implemented the state will be taking in less tax revenue. However, these revenues would have been accrued from net new jobs, so some of this revenue would not have been accounted for in the revenue estimates. Similarly, some of these jobs will only be created because of the tax credit. The program is capped at \$40 million a year but is expected to be significantly less to start. This will also allow DECD to significantly decrease the amount of bonding it has used historically for incentives.

Federal

None

Additional notes on fiscal impact

[Click here to enter text.](#)

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

[Click here to enter text.](#)

◇ **EVIDENCE BASE**

What data will be used to track the impact of this proposal over time, and what measurable outcome do you anticipate? Is that data currently available or must it be developed? Please provide information on the measurement and evaluation plan. Where possible, those plans should include process and outcome components. Pew MacArthur Results First [evidence definitions](#) can help you to establish the evidence-base for your program and their [Clearinghouse](#) allows for easy access to information about the evidence base for a variety of programs.

[Click here to enter text.](#)

Insert fully drafted bill here

AN ACT ESTABLISHING THE JOBSCT TAX REBATE PROGRAM.

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

Section 1. (NEW) *(Effective July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023)* (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. The commissioner may issue guidance on the implementation of this definition;

(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. The commissioner may issue guidance on the implementation of this definition;

(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 or during the relevant time period. The commissioner may issue guidance on the implementation of this definition;

(10) "New FTEs maintained" means the total number of new FTEs employed throughout a relevant time period. The commissioner may issue guidance on the implementation of this definition;

(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;

(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 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 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.

(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 qualified business consent 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 and the Department of Revenue Services, 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, the commissioner shall issue a rebate allocation notice stating the maximum amount of each rebate available to such 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.

(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:

(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, 2021, 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 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, 2021, 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 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 that have been issued under this section.

Sec. 2. (NEW) (*Effective July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023*) As used in this section, "affected business entity" and "member" have the same meanings as provided in subsection (a) of section 12-699 of the general statutes. An affected business entity that receives a rebate under section 1 of this act shall claim such rebate as a credit against the tax due under chapter 228z of the general statutes. If the amount of the rebate allowed pursuant to section 1 of this act exceeds the liability for the tax imposed under chapter 228z of the general statutes, the Commissioner of Revenue Services shall treat such excess as an overpayment and shall refund the

amount of such excess, without interest, to the taxpayer. With respect to an affected business entity granted a rebate pursuant to section 1 of this act, the credit available to the members of such entity pursuant to subdivision (1) of subsection (g) of section 12-699 of the general statutes shall be based upon the amount of tax due under chapter 228z of the general statutes from such entity prior to the application of the rebate granted pursuant to section 1 of this act and any other payments made against such tax due.

Sec. 3. Subsection (b) of section 12-211a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023*):

(b) The amount of the rebate computed under section 1 of this act shall be treated as an offset of the tax due under chapter 207 and may exceed the amount specified in subsection (a) of this section. If the amount of the rebate allowed pursuant to section 1 of this act exceeds the taxpayer's liability for the tax imposed under this chapter, the commissioner shall treat such excess as an overpayment and shall refund the amount of such excess, without interest, to the taxpayer.

Sec. 4. Subsection (b) of section 12-217zz of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023*):

(b) The amount of the rebate computed under section 1 of this act shall be treated as a credit and may exceed the amount specified in subsection (a) of this section. If the amount of the rebate allowed pursuant to section 1 of this act exceeds the taxpayer's liability for the tax imposed under this chapter, the commissioner shall treat such excess as an overpayment and shall refund the amount of such excess, without interest, to the taxpayer.

Sec. 5. Section 12-217aa of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2022, and applicable to income years beginning on or after January 1, 2023*):

(a) Except as otherwise provided in section 12-217t and subsection (c)

of this section, whenever a company is eligible to claim more than one corporation business tax credit, the credits shall be claimed for the income year in the following order: (1) Any credit that may be carried backward to a preceding income year or years shall first be claimed (A) with any credit carry-back that will expire first being claimed before any credit carry-back that will expire later or will not expire at all, and (B) if the credit carry-backs will expire at the same time, in the order in which the company may receive the maximum benefit; (2) any credit that may not be carried backward to a preceding income year or years and that may not be carried forward to a succeeding income year or years shall next be claimed, in the order in which the company may receive the maximum benefit; and (3) any credit that may be carried forward to a succeeding income year or years shall next be claimed (A) with any credit carry-forward that will expire first being claimed before any credit carry-forward that will expire later or will not expire at all, and (B) if the credit carry-forwards will expire at the same time, in the order in which the company may receive the maximum benefit.

(b) In no event shall any credit be claimed more than once.

(c) The rebate allowed pursuant to section 1 of this act shall be claimed after all other credits have been claimed.



This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023</i>	New section
Sec. 2	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023</i>	New section
Sec. 3	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023</i>	12-211a(b)
Sec. 4	<i>July 1, 2022, and applicable to taxable years commencing on or after January 1, 2023</i>	12-217zz(b)
Sec. 5	<i>July 1, 2022, and applicable to income years beginning on or after January 1, 2023</i>	12-217aa