



General Assembly

February Session, 2020

Raised Bill No. 5490

LCO No. 2739



Referred to Committee on COMMERCE

Introduced by:
(CE)

AN ACT CONCERNING RESEARCH AND DEVELOPMENT TAX CREDITS.

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

1 Section 1. Section 12-217aaa of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021, and*
3 *applicable to income years beginning January 1, 2021*):

4 (a) As used in this section, (1) "accumulated credits" means the
5 amount of credits allowed, in accordance with the provisions of section
6 12-217n, that have not been taken through an applicant's last income
7 year completed prior to the date of an application submitted as
8 provided in subsection (b) of this section, and (2) "commissioner" means
9 the Commissioner of Economic and Community Development.

10 (b) The commissioner shall establish and administer a program to
11 allow businesses in the state to utilize accumulated credits against the
12 tax imposed under this chapter and chapter 219 in exchange for (1)
13 capital projects, planned or underway, in the state that propose to [(1)]
14 (A) expand the scale or scope of such business, [(2)] (B) increase
15 employment at such business, or [(3)] (C) generate a substantial return

16 to the state economy, or (2) human capital investment, as defined in
17 subsection (a) of section 12-217x. A business seeking to utilize
18 accumulated credits under this section shall submit to the
19 commissioner, on forms provided by the commissioner, an application
20 that shall include, but not be limited to: (A) A detailed plan outlining
21 the capital project or human capital investment, (B) the term of such
22 project or investment, (C) the estimated costs of such project or
23 investment, and (D) the amount of accumulated credits the business
24 proposes it be allowed to utilize under this section. The commissioner
25 shall perform an econometric analysis of each application and shall only
26 approve an application if he or she determines that such project or
27 investment will generate revenues for the state that exceed the amount
28 of the accumulated credits proposed to be utilized. The amount of such
29 accumulated credits shall be subject to confirmation, in accordance with
30 the provisions of this title, by the Commissioner of Revenue Services in
31 consultation with the commissioner.

32 (c) The commissioner shall determine, in consultation with the
33 Commissioner of Revenue Services and the Secretary of the Office of
34 Policy and Management, when such accumulated credits may be
35 utilized by the business, provided the commissioner shall not approve
36 the utilization of the accumulated credits until the capital project or
37 human capital investment under subsection (b) of this section generates
38 revenues for the state that exceed the amount of the accumulated credits
39 proposed to be utilized.

40 (d) The total amount of accumulated credits used under this section,
41 at full value, and the investments made under section 12-217bbb shall
42 not exceed fifty million dollars in the aggregate.

43 (e) The commissioner may adopt regulations, in accordance with the
44 provisions of chapter 54, to implement the provisions of this section.

45 (f) Not later than February 1, 2019, and annually thereafter, the
46 commissioner shall include in the annual report required under section
47 32-1m: (1) Information on the number of applications received and the

48 number of applications approved under this section; (2) the status of the
49 capital projects or human capital investments associated with such
50 approved applications; (3) the amount of accumulated credits that are
51 proposed to be utilized under this section; and (4) (A) the amount and
52 type of state revenue generated in connection with each such capital
53 project or human capital investment to date, and (B) the projected
54 amount and type of such revenue for the five succeeding fiscal years
55 after completion of such capital project or human capital investment.

56 Sec. 2. (*Effective from passage*) The Commissioner of Economic and
57 Community Development, in consultation with the Commissioner of
58 Revenue Services, shall conduct a study relating to research and
59 development tax credits in this state. Such study shall include, but need
60 not be limited to, a cost-benefit analysis of expanding eligibility for the
61 research and development tax credits available under sections 12-217j
62 and 12-217n of the general statutes to pass-through entities. Not later
63 than January 1, 2021, the commissioner shall submit a report on the
64 results of such study to the joint standing committee of the General
65 Assembly having cognizance of matters relating to commerce, in
66 accordance with the provisions of section 11-4a of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021, and applicable to income years beginning January 1, 2021</i>	12-217aaa
Sec. 2	<i>from passage</i>	New section

Statement of Purpose:

To (1) allow businesses to utilize accumulated credits against the tax imposed under chapter 208 and chapter 219 of the general statutes in exchange for human capital investment, and (2) require the Commissioner of Economic and Community Development to conduct a study relating to research and development tax credits.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]