



General Assembly

Raised Bill No. 6927

January Session, 2023

LCO No. 6437



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING AN ADDITIONAL TAX CREDIT FOR CERTAIN CORPORATIONS FOR INVESTMENTS IN FIXED CAPITAL.

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

1 Section 1. Section 12-217w of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2024*):

3 (a) For purposes of this section: [, "fixed capital"]

4 (1) "Fixed capital" means tangible personal property [which (1)] that
5 (A) has a class life, in years, of more than four years, as described in
6 Section 168(e) of the Internal Revenue Code of 1986, or any subsequent
7 corresponding internal revenue code of the United States, as amended
8 from time to time, [amended, (2)] (B) is acquired by purchase from a
9 person other than a related person, [(3)] (C) is not acquired to be
10 leased, and is not leased, to another person or persons during the
11 twelve full months following its acquisition, and [(4)] (D) will be held
12 and used in this state by (i) for purposes of subdivision (1) of
13 subsection (b) of this section, a corporation in the ordinary course of
14 the corporation's trade or business in this state for not less than five

15 full years following its acquisition, or (ii) for purposes of subdivision
16 (2) of subsection (b) of this section, a limited liability company in the
17 ordinary course of the limited liability company's trade or business in
18 this state for not less than five full years following its acquisition.
19 "Fixed capital" does not include inventory, land, buildings or
20 structures [,] or mobile transportation property; [. With]

21 (2) "Related person" means, with respect to a corporation claiming a
22 credit under this section, [a "related person" means] (A) a corporation,
23 partnership, association or trust controlled by such corporation, [,] (B)
24 an individual, corporation, partnership, association or trust that is in
25 control of such corporation, [,] (C) a corporation, partnership,
26 association or trust controlled by an individual, corporation,
27 partnership, association or trust that is in control of such corporation,
28 [,] or (D) a member of the same controlled group as such corporation; [.]
29 For purposes of this section, "control",]

30 (3) "Control" means (A) with respect to a corporation, [means]
31 ownership, directly or indirectly, of stock possessing fifty per cent or
32 more of the total combined voting power of all classes of the stock of
33 such corporation entitled to vote, [,] or (B) with respect to a trust,
34 [means] ownership, directly or indirectly, of fifty per cent or more of
35 the beneficial interest in the principal or income of such trust. The
36 ownership of stock in a corporation, of a capital or profits interest in a
37 partnership or association or of a beneficial interest in a trust shall be
38 determined in accordance with the rules for constructive ownership of
39 stock provided in Section 267(c) of the Internal Revenue Code of 1986,
40 or any subsequent corresponding internal revenue code of the United
41 States, as amended from time to time, [amended,] other than
42 paragraph (3) of [such] said section.

43 (b) (1) There shall be allowed a credit for any corporation against
44 the tax imposed under this chapter in an amount paid or incurred by
45 such corporation for any new fixed capital investment during the
46 income year in which such fixed capital is acquired as follows: For any
47 income year commencing on or after [January 1, 1998, and prior to

48 January 1, 1999, equal to three per cent of such amount paid or
49 incurred by the corporation during such income year; for any income
50 year commencing on or after] January 1, 1999, and prior to January 1,
51 2000, equal to four per cent of such amount paid or incurred by the
52 corporation during such income year; and for any income year
53 commencing on or after January 1, 2000, equal to five per cent of such
54 amount paid or incurred by the corporation during such income year.

55 (2) There shall be allowed an additional credit against the tax
56 imposed under this chapter for any corporation that owns at least
57 eighty per cent, directly or indirectly, of a limited liability company
58 that is, for federal income tax purposes, treated as a partnership or
59 disregarded as an entity separate from its owner, in an amount paid or
60 incurred by such limited liability company for any new fixed capital
61 investment during the income year in which such fixed capital is
62 acquired as follows: For any income year commencing on or after
63 January 1, 2024, equal to five per cent of such amount paid or incurred
64 by the limited liability company.

65 (c) The total amount of [such credit] the credits allowed to any
66 corporation under this section shall not exceed the amount of tax due
67 from such corporation under this chapter with respect to such income
68 year.

69 (d) No corporation claiming [the] a credit under this section and no
70 limited liability for which a corporation is claiming a credit under this
71 section, with respect to the acquisition of fixed capital, [as defined in
72 subsection (a) of this section,] may claim a credit against any tax under
73 any other provision of the general statutes with respect to the same
74 acquisition.

75 (e) Any tax credit not used in the income year during which the
76 acquisition was made may be carried forward for the five immediately
77 succeeding income years until the full credit has been allowed.

78 (f) If the fixed capital on account of which a corporation has claimed

79 the credit allowed by this section is not held and used in this state in
80 the ordinary course of the corporation's trade or business in this state
81 for three full years following its acquisition as provided in subsection
82 (a) of this section, the corporation shall recapture one hundred per cent
83 of the amount of the credit allowed under this section on its
84 corporation business tax return required to be filed for the income year
85 immediately succeeding the income year during which such three-year
86 period expires. If the fixed capital on account of which a corporation
87 has claimed the credit allowed by this section is not held and used in
88 this state in the ordinary course of the corporation's trade or business
89 in this state for five full years following its acquisition as provided in
90 subsection (a) of this section, the corporation shall recapture fifty per
91 cent of the amount of the credit allowed under this section on its
92 corporation business tax return required to be filed for the income year
93 immediately succeeding the income year during which such five-year
94 period expires. The provisions of this subsection shall not apply if the
95 property that is the subject of the credit under this section is replaced.
96 If any amount of credit required to be recaptured has not been paid to
97 the commissioner on or before the first day of the fourth month next
98 succeeding the end of the income year immediately succeeding the
99 income year during which the three-year or five-year period, as the
100 case may be, expires, such amount shall bear interest at the rate of one
101 per cent per month or fraction thereof from such date to the date of
102 payment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2024	12-217w

FIN *Joint Favorable*