



General Assembly

February Session, 2020

Raised Bill No. 432

LCO No. 2356



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING THE NEIGHBORHOOD ASSISTANCE ACT.

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

1 Section 1. Section 12-631 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2020*):

3 As used in this chapter, the following terms have the following
4 meanings:

5 [(a)] (1) "Business firm" means any business entity authorized to do
6 business in the state and subject to the tax due under the provisions of
7 chapter 207, 208, 209, 210, 211, 212 or [213a] 229.

8 [(b)] (2) "Community services" means any type of counseling and
9 advice, emergency assistance or medical care furnished to individuals
10 or groups in the state.

11 [(c)] (3) "Crime prevention" means any activity which aids in the
12 reduction of crime in the state.

13 [(d)] (4) "Education" means any type of scholastic instruction or
14 scholarship assistance to any person who resides in the state that enables
15 such person to prepare for better opportunities, including teaching
16 services donated pursuant to section 10-21c.

17 [(e)] (5) "Job training" means any type of instruction to any person
18 who resides in the state that enables such person to acquire vocational
19 skills to become employable or seek a higher grade of employment,
20 including training offered pursuant to section 10-21b.

21 [(f)] (6) "Neighborhood" means any specific geographic area, urban,
22 interurban, suburban [,] or rural, [which] that is experiencing problems
23 endangering its existence as a viable and stable neighborhood.

24 [(g)] (7) "Neighborhood assistance" means the furnishing of financial
25 assistance, labor, material [,] or technical advice to aid in the physical
26 improvement or rehabilitation of all or any part of a neighborhood.

27 [(h)] (8) "Neighborhood organization" means any organization
28 performing community services in the state [which: (1)] that: (A) Holds
29 a ruling from the Internal Revenue Service [of the United States
30 Department of the Treasury] that the organization is exempt from
31 income taxation under the provisions of the Internal Revenue Code; [,]
32 or (2)] (B) is designated as a community development corporation by
33 the United States government under the provisions of Title VII of the
34 Economic Opportunity Act of 1964; [, or (3)] or (C) is incorporated as a
35 charitable corporation or trust under the provisions of chapter 598a.

36 [(i)] (9) "Families of low and moderate income" means families
37 meeting the criteria for designation as families of low and moderate
38 income established by the Commissioner of Housing pursuant to
39 subsection (f) of section 8-39.

40 Sec. 2. Section 12-632 of the general statutes is repealed and the
41 following is substituted in lieu thereof (*Effective July 1, 2020, and*
42 *applicable to income and taxable years commencing on or after January 1,*
43 *2020*):

44 (a) (1) Except as otherwise provided in subdivision (2) of this
45 subsection, on or before July first of each year, any municipality desiring
46 to obtain benefits under the provisions of this chapter shall, after
47 approval by the legislative body of such municipality, submit to the
48 Commissioner of Revenue Services a list on a form prescribed and made
49 available by the commissioner of programs eligible for investment by
50 business firms under the provisions of this chapter. Such activities shall
51 consist of providing neighborhood assistance; job training or education;
52 community services; crime prevention; energy conservation or
53 construction or rehabilitation of dwelling units for families of low and
54 moderate income in the state; donation of money to an open space
55 acquisition fund of any political subdivision of the state or any nonprofit
56 land conservation organization, which fund qualifies under [subsection
57 (h)] subdivision (8) of section 12-631, as amended by this act, and is used
58 for the purchase of land, interest in land or permanent conservation
59 restriction on land which is to be permanently preserved as protected
60 open space; or any of the activities described in section 12-634, as
61 amended by this act, 12-635, as amended by this act, or 12-635a, as
62 amended by this act. Such list shall indicate, for each program specified:
63 The concept of the program, the neighborhood area to be served, why
64 the program is needed, the estimated amount required to be invested in
65 the program, the suggested plan for implementing the program, the
66 agency designated by the municipality to oversee implementation of the
67 program and such other information as the commissioner may
68 prescribe. Each municipality shall hold at least one public hearing on
69 the subject of which programs shall be included on such list prior to the
70 submission of such list to the commissioner.

71 (2) If any municipality desiring to obtain benefits under the
72 provisions of this chapter submits to the Commissioner of Revenue
73 Services a list on a form prescribed and made available by the
74 commissioner of programs eligible for investment by business firms
75 under the provisions of this chapter after the July first due date, the
76 commissioner shall include the list of programs on the list compiled by
77 the commissioner under subsection (b) of this section if the municipality

78 submits such list no later than fifteen days following such July first due
79 date, provides an explanation for its failure to submit such list on or
80 before such July first due date and submits proof that both the public
81 hearing required by subdivision (1) of this subsection to be held on the
82 programs to be included on such list and the approval of such list by the
83 legislative body of such municipality required by subdivision (1) of this
84 subsection occurred on or before such July first due date.

85 (b) The Commissioner of Revenue Services shall, on or before
86 September first of each year, compile a list, categorized by town and by
87 estimated amount of tax credit, of the programs submitted by
88 municipalities for investment pursuant to the provisions of subsection
89 (a) of this section. The commissioner shall print sufficient quantities of
90 such list to facilitate its distribution to business firms upon their request.

91 (c) Any business firm [which] that desires to engage in any of the
92 activities or programs approved by any municipality pursuant to
93 subsection (a) of this section and listed pursuant to subsection (b) of this
94 section may apply to the Commissioner of Revenue Services for a tax
95 credit in an amount as provided in section 12-633, as amended by this
96 act, 12-634, as amended by this act, 12-635, as amended by this act, or
97 12-635a, as amended by this act. The proposal for such credit, which
98 shall be made on a form prescribed and made available by the
99 commissioner, shall set forth the program to be conducted, the
100 neighborhood area to be invested in, the plans for implementing the
101 program and such other information as said commissioner may
102 prescribe. Such proposals shall be submitted to the commissioner on or
103 after September fifteenth but no later than October first of each year.
104 Such proposals shall be approved or disapproved by the Commissioner
105 of Revenue Services based on the compliance of such proposal with the
106 provisions of this chapter and regulations adopted pursuant to this
107 chapter. The commissioner may only approve proposals received
108 between September fifteenth and October first of each year. If, in the
109 opinion of the Commissioner of Revenue Services, a business firm's
110 investment can, for the purposes of this chapter, be made through
111 contributions to a neighborhood organization as defined in [subsection

112 (h) subdivision (8) of section 12-631, as amended by this act, tax credits
113 may be allowed in amounts as provided in section 12-633, as amended
114 by this act, 12-634, as amended by this act, 12-635, as amended by this
115 act, or 12-635a, as amended by this act.

116 (d) Programs [which] that may reasonably be expected to last for
117 more than one year but not more than two consecutive years may be
118 included on the lists submitted by municipalities pursuant to the
119 provisions of subsection (a) of this section. Proposals made in response
120 to such programs pursuant to the provisions of subsection (c) of this
121 section may require investments to be made in more than one year. Such
122 proposals shall be considered as a single entity by the Commissioner of
123 Revenue Services, and, if approved, the commissioner shall reserve
124 appropriate amounts of prospective years' tax credits for application to
125 such program and proposed investments in the year or years in which
126 such investments are actually made.

127 (e) (1) Nothing in this chapter shall be construed to prevent two or
128 more business firms from participating jointly in one or more programs
129 under the provisions of this chapter. Such joint investment programs
130 shall be submitted, and acted upon, as a single proposal by the business
131 firms involved.

132 (2) In the event that two or more neighborhood organizations [which]
133 that are owned by the same entity receive investments [which] that
134 would otherwise qualify for a credit under this chapter, only one such
135 investment shall be eligible for such credit.

136 (f) The sum of all tax [credit] credits granted pursuant to the
137 provisions of section 12-633, as amended by this act, 12-634, as amended
138 by this act, 12-635, as amended by this act, or 12-635a, as amended by
139 this act, shall not exceed one hundred fifty thousand dollars annually
140 per business firm and no tax credit shall be granted to any business firm
141 for any individual amount invested of less than two hundred fifty
142 dollars.

143 (g) No tax credit shall be granted to any bank, bank and trust

144 company, insurance company, trust company, national bank, savings
145 association, or building and loan association for activities that are a part
146 of its normal course of business.

147 (h) Any tax credit not used in the period during which the investment
148 was made may be carried backward for the two immediately preceding
149 calendar or fiscal years until the full credit has been allowed.

150 (i) In no event shall the total amount of all tax credits allowed to all
151 business firms pursuant to the provisions of this chapter exceed five
152 million dollars in any one fiscal year. Three million dollars of the total
153 amount of tax credits allowed shall be granted to business firms eligible
154 for tax credits pursuant to section 12-635, as amended by this act.

155 (j) No organization conducting a program or programs eligible for
156 funding with respect to which tax credits may be allowed under this
157 chapter shall be allowed to receive an aggregate amount of such funding
158 for any such program or programs in excess of one hundred fifty
159 thousand dollars for any fiscal year.

160 (k) If any business firm granted a tax credit under this chapter is an S
161 corporation or an entity treated as a partnership for federal income tax
162 purposes, the shareholders or partners of such business firm may claim
163 the credit. If the business firm is a single-member limited liability
164 company that is disregarded as an entity separate from its owner, the
165 limited liability company's owner may claim the credit.

166 Sec. 3. Section 12-632a of the general statutes is repealed and the
167 following is substituted in lieu thereof (*Effective July 1, 2020*):

168 If, for any fiscal year, all of the proposals submitted to the
169 Commissioner of Revenue Services pursuant to section 12-632, as
170 amended by this act, claim tax credits in excess of the limit provided for
171 in subsection (i) of said section, [12-632,] the commissioner on or before
172 November fifteenth of each year shall prorate the tax credits, as limited
173 by said subsection (i), for such year among the neighborhood
174 organizations the programs of which business firms have proposed to

175 contribute to pursuant to this chapter.

176 Sec. 4. Section 12-633 of the general statutes is repealed and the
177 following is substituted in lieu thereof (*Effective July 1, 2020, and*
178 *applicable to income and taxable years commencing on or after January 1,*
179 *2020*):

180 The Commissioner of Revenue Services shall grant a credit against
181 any tax due under the provisions of chapter 207, 208, 209, 210, 211, [or]
182 212 or 229, other than the liability imposed by section 12-707, in an
183 amount not to exceed sixty per cent of the total cash amount invested
184 during the income or taxable year by the business firm in programs
185 operated or created pursuant to proposals approved pursuant to section
186 12-632, as amended by this act, provided a tax credit not to exceed one
187 hundred per cent of the total cash amount invested during the income
188 or taxable year by the business firm may be allowed for investment in
189 certain energy conservation projects as provided in subdivisions (1) and
190 (2) of section 12-635, as amended by this act.

191 Sec. 5. Section 12-634 of the general statutes is repealed and the
192 following is substituted in lieu thereof (*Effective July 1, 2020, and*
193 *applicable to income and taxable years commencing on or after January 1,*
194 *2020*):

195 The Commissioner of Revenue Services shall grant a credit against
196 any tax due under the provisions of chapter 207, 208, 209, 210, 211, [or]
197 212 or 229, other than the liability imposed by section 12-707, in an
198 amount not to exceed sixty per cent of the total cash amount invested
199 during the income or taxable year by the business firm in programs
200 operated or created pursuant to proposals approved pursuant to section
201 12-632, as amended by this act, for planning, site preparation,
202 construction, renovation or acquisition of facilities for purposes of
203 establishing a child care center, as described in section 19a-77, to be used
204 primarily by the children of such business firm's employees and
205 equipment installed for such center, including kitchen appliances, to the
206 extent that such equipment or appliances are necessary in the use of
207 such center for purposes of child care services, provided: (1) Such center

208 is operated under the authority of a license issued by the Commissioner
209 of Early Childhood in accordance with sections 19a-77 to 19a-87,
210 inclusive; [] (2) such center is operated without profit by such business
211 firm related to any charges imposed for the use of such center for
212 purposes of child care services; [] and (3) the amount of tax credit
213 allowed any business firm under the provisions of this section for any
214 income or taxable year may not exceed fifty thousand dollars. If two or
215 more business firms share in the cost of establishing such a center for
216 the children of their employees, each such taxpayer shall be allowed
217 such credit in relation to the respective share, paid or incurred by such
218 taxpayer, of the total expenditures for the center in such income or
219 taxable year. The commissioner shall not grant a credit pursuant to this
220 section to any taxpayer claiming a credit for the same year pursuant to
221 section 12-217x.

222 Sec. 6. Section 12-635 of the general statutes is repealed and the
223 following is substituted in lieu thereof (*Effective July 1, 2020, and*
224 *applicable to income and taxable years commencing on or after January 1,*
225 *2020*):

226 (a) The Commissioner of Revenue Services shall grant a credit against
227 any tax due under the provisions of chapter 207, 208, 209, 210, 211, [or]
228 212 or 229, other than the liability imposed by section 12-207:

229 (1) In an amount not to exceed one hundred per cent of the total cash
230 amount invested during the income or taxable year by the business firm
231 in programs operated or created pursuant to proposals approved
232 pursuant to section 12-632, as amended by this act, for energy
233 conservation projects directed toward properties occupied by persons,
234 at least seventy-five per cent of whom are at an income level not
235 exceeding one hundred fifty per cent of the poverty level for the year
236 next preceding the year during which such tax credit is to be granted;

237 (2) [in] In an amount equal to one hundred per cent of the total cash
238 amount invested during the income or taxable year by the business firm
239 in programs operated or created pursuant to proposals approved
240 pursuant to section 12-632, as amended by this act, for energy

241 conservation projects at properties owned or occupied by charitable
242 corporations, foundations, trusts or other entities as determined under
243 regulations adopted pursuant to this chapter;

244 (3) [in] In an amount equal to one hundred per cent of the total cash
245 amount invested during the income or taxable year by the business firm
246 in a comprehensive college access loan forgiveness program located in
247 an ["educational reform district"] educational reform district as defined
248 in section 10-262u, that has established minimum eligibility criteria
249 including, but not limited to, years of enrollment in the educational
250 reform district, grade point average, attendance record and loan
251 forgiveness prerequisite; or

252 (4) [in] In an amount not to exceed sixty per cent of the total cash
253 amount invested during the income or taxable year by the business firm
254 (A) in employment and training programs directed at youths, at least
255 seventy-five per cent of whom are at an income level not exceeding one
256 hundred fifty per cent of the poverty level for the year next preceding
257 the year during which such tax credit is to be granted; (B) in
258 employment and training programs directed at persons with physical
259 disabilities; (C) in employment and training programs for unemployed
260 workers who are fifty years of age or older; (D) in education and
261 employment training programs for recipients in the temporary family
262 assistance program; or (E) in child care services.

263 (b) Any other program [which] that serves persons at least seventy-
264 five per cent of whom are at an income level not exceeding one hundred
265 fifty per cent of the poverty level for the year next preceding the year
266 during which such tax credit is to be granted and [which] that meets the
267 standards for eligibility under this chapter shall be eligible for a tax
268 credit under this section in an amount equal to sixty per cent of the total
269 cash invested by the business firm in such program.

270 Sec. 7. Section 12-635a of the general statutes is repealed and the
271 following is substituted in lieu thereof (*Effective July 1, 2020, and*
272 *applicable to income and taxable years commencing on or after January 1,*
273 *2020*):

274 The Commissioner of Revenue Services shall grant a credit against
 275 any tax due under the provisions of chapter 207, 208, 209, 210, 211, [or]
 276 212 or 229, other than the liability imposed by section 12-707, in an
 277 amount not to exceed sixty per cent of the total cash amount invested
 278 during the income or taxable year by the business firm in community-
 279 based alcoholism prevention or treatment programs operated or created
 280 pursuant to proposals approved pursuant to section 12-632, as amended
 281 by this act.

282 Sec. 8. Section 17b-738 of the general statutes is repealed and the
 283 following is substituted in lieu thereof (*Effective July 1, 2020*):

284 The Commissioner of Early Childhood shall establish and administer
 285 a program of loans to business firms, as defined in [subsection (a) of]
 286 section 12-631, as amended by this act, for the purpose of planning, site
 287 preparation, construction, renovation or acquisition of facilities, within
 288 the state, for use as licensed child care centers, family child care homes
 289 or group child care homes to be used primarily by the children of
 290 employees of such corporations and children of employees of the
 291 municipalities in which such facilities are located. Such loans shall be
 292 made in accordance with the terms and conditions as provided in
 293 regulations adopted by the commissioner, in accordance with chapter
 294 54, shall be made for a period not to exceed five years and shall bear
 295 interest at a rate to be determined in accordance with subsection (t) of
 296 section 3-20.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2020</i>	12-631
Sec. 2	<i>July 1, 2020, and applicable to income and taxable years commencing on or after January 1, 2020</i>	12-632
Sec. 3	<i>July 1, 2020</i>	12-632a

Sec. 4	<i>July 1, 2020, and applicable to income and taxable years commencing on or after January 1, 2020</i>	12-633
Sec. 5	<i>July 1, 2020, and applicable to income and taxable years commencing on or after January 1, 2020</i>	12-634
Sec. 6	<i>July 1, 2020, and applicable to income and taxable years commencing on or after January 1, 2020</i>	12-635
Sec. 7	<i>July 1, 2020, and applicable to income and taxable years commencing on or after January 1, 2020</i>	12-635a
Sec. 8	<i>July 1, 2020</i>	17b-738

Statement of Purpose:

To allow affected business entities to claim a credit against the personal income tax through participation in the R.E. Van Norstrand Neighborhood Assistance Act.

[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.]