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, 2020, and applicable to taxable years commencing on or after January 1, 2021) (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 minimum wage requirements to be a qualified FTE but is approved by the commissioner pursuant to subdivision (4) of subsection (c) of this section;

(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 during the prior twelve months;

(8) "New FTEs" means the number of FTEs that (A) did not exist in this state prior to a qualified business' application to the commissioner for a rebate allocation notice for a job creation rebate under 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, and (D) are qualified FTE;

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

(10) "New FTEs maintained" means the total number of new FTEs employed within 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;

(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,
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 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 207, 208 or 228z 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 might 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 in which the qualified business is primarily located and the state.

(2) Upon receipt of an application, the commissioner shall determine whether the qualified business making the application is eligible for the rebate and whether the proposed job growth would provide a net benefit to economic development and employment opportunities in the state. The commissioner may require the applicant to submit additional information to evaluate an application.

(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 shall 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 FTEs that do not meet the minimum wage requirements to be qualified FTEs or may approve such an application with amendments if a majority of such new FTEs are individuals who are disabled, have been unemployed for at least twelve consecutive months, have been convicted of a misdemeanor or felony or have not graduated from and are not currently enrolled in an institution of higher education. For the purposes of this subdivision, "disabled" means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration.

(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 forms of financial assistance.

(6) The commissioner shall negotiate 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, 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 minimum 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 using 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 using the applicable marginal rate set forth in chapter 229
of the general statutes for an unmarried individual based solely on such
wages; or

(B) 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.

(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 section 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 using 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 using the applicable marginal rate set forth in chapter 229 of the general statutes for an unmarried individual based solely on such wages; or

(B) 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.

(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) The aggregate amount of rebates issued to all approved qualified
businesses under this section shall not exceed forty million dollars in
any one fiscal year, provided the aggregate amount of rebates issued
pursuant to subsection (f) of this section shall not exceed ten per cent of
such aggregate limit.

(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 thirty-six 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
Departments of Economic and Community Development and Revenue
Services.

(j) Not later than March fifteenth of each year during the rebate
period, the Department of Economic and Community Development
shall report to the Department of Revenue Services the amounts of
rebates earned by each qualified business, as calculated pursuant to subsections (e) and (f) of this section. The Department of Revenue Services shall pay such rebates against taxes owed by an approved qualified business pursuant to chapter 207, 208 or 228Z of the general statutes as determined by the Department of Revenue Services based on the form of incorporation of the qualified business.

(k) The commissioner, in consultation with the Department of Revenue Services, the office of the State Comptroller and the Auditors of Public Accounts, shall report annually on the expenses of the JobsCT tax rebate program and the number of FTEs and discretionary FTEs created and maintained.

Sec. 2. (NEW) (Effective July 1, 2020, and applicable to taxable years commencing on or after January 1, 2021) 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 section 12-699 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 section 12-699 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. For the purposes of calculating a member's credit pursuant to subsection (g) of section 12-699 of the general statutes, the tax paid by an affected business entity shall be calculated using the tax due under section 12-699 of the general statutes without regard to the rebate allowed pursuant to section 1 of this act.

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, 2020):

(b) [(1) For a calendar year commencing on or after January 1, 2011, and prior to January 1, 2013, the amount of tax credit or credits
otherwise allowable against the tax imposed under this chapter for such calendar year may exceed the amount specified in subsection (a) of this section only by the amount computed under subparagraph (A) of subdivision (2) of this subsection, provided in no event may the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such calendar year exceed one hundred per cent of the amount of tax due from such taxpayer under this chapter with respect to such calendar year of the taxpayer prior to the application of such credit or credits.

(2) (A) The taxpayer's average monthly net employee gain for a calendar year shall be multiplied by six thousand dollars.

(B) The taxpayer's average monthly net employee gain for a calendar year shall be computed as follows: For each month in the calendar year, the taxpayer shall subtract from the number of its employees in this state on the last day of such month the number of its employees in this state on the first day of the calendar year. The taxpayer shall total the differences for the twelve months in the calendar year, and such total, when divided by twelve, shall be the taxpayer's average monthly net employee gain for the calendar year. For purposes of this computation, only employees who are required to work at least thirty-five hours per week and only employees who were not employed in this state by a related person, as defined in section 12-217ii, within the twelve months prior to the first day of the calendar year may be taken into account in computing the number of employees.

(C) If the taxpayer's average monthly net employee gain is zero or less than zero, the taxpayer may not exceed the amount specified in subsection (a) of this section. For calendar years commencing on or after January 1, 2024, 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. 4. Subsection (b) of section 12-217zz of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2020):

(b) [1(1) For an income year commencing on or after January 1, 2011, and prior to January 1, 2013, the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year may exceed the amount specified in subsection (a) of this section only by the amount computed under subparagraph (A) of subdivision (2) of this subsection, provided in no event may the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year exceed one hundred per cent of the amount of tax due from such taxpayer under this chapter with respect to such income year of the taxpayer prior to the application of such credit or credits.

(2) (A) The taxpayer's average monthly net employee gain for an income year shall be multiplied by six thousand dollars.

(B) The taxpayer's average monthly net employee gain for an income year shall be computed as follows: For each month in the taxpayer's income year, the taxpayer shall subtract from the number of its employees in this state on the last day of such month the number of its employees in this state on the first day of its income year. The taxpayer shall total the differences for the twelve months in such income year, and such total, when divided by twelve, shall be the taxpayer's average monthly net employee gain for the income year. For purposes of this computation, only employees who are required to work at least thirty-five hours per week and only employees who were not employed in this state by a related person, as defined in section 12-217ii, within the twelve months prior to the first day of the income year may be taken into account in computing the number of employees.

(C) If the taxpayer's average monthly net employee gain is zero or less than zero, the taxpayer may not exceed the seventy per cent limit
imposed under subsection (a) of this section.] For income years commencing on or after January 1, 2024, 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.

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**Statement of Purpose:**
To implement the Governor's budget recommendations.

[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.]