



General Assembly

February Session, 2020

Governor's Bill No. 9

LCO No. 614



Referred to Committee on COMMERCE

Introduced by:

SEN. LOONEY, 11th Dist.

SEN. DUFF, 25th Dist.

REP. ARESIMOWICZ, 30th Dist.

REP. RITTER M., 1st Dist.

AN ACT ESTABLISHING THE JOBSCT TAX REBATE PROGRAM.

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

1 Section 1. (NEW) (*Effective July 1, 2020, and applicable to taxable years*
2 *commencing on or after January 1, 2021*) (a) As used in this section:

3 (1) "Commissioner" means the Commissioner of Economic and
4 Community Development;

5 (2) "Discretionary FTE" means an FTE that is paid qualified wages
6 and does not meet the minimum wage requirements to be a qualified
7 FTE but is approved by the commissioner pursuant to subdivision (4) of
8 subsection (c) of this section;

9 (3) "Distressed municipality" has the same meaning as provided in
10 section 32-9p of the general statutes;

11 (4) "Full-time equivalent" or "FTE" means the number of employees
12 employed at a qualified business, calculated in accordance with
13 subsection (d) of this section;

14 (5) "Full-time job" means a job in which an employee is required to
15 work at least thirty-five or more hours per week. "Full-time job" does
16 not include a temporary or seasonal job;

17 (6) "Median household income" means the median annual household
18 income for residents in a municipality as calculated from the U.S.
19 Census Bureau's five-year American Community Survey or another
20 data source, at the sole discretion of the commissioner;

21 (7) "New employee" means a person or persons hired by the qualified
22 business to fill a full-time equivalent position. A new employee does not
23 include a person who was employed in this state by a related person
24 with respect to the qualified business during the prior twelve months;

25 (8) "New FTEs" means the number of FTEs that (A) did not exist in
26 this state prior to a qualified business' application to the commissioner
27 for a rebate allocation notice for a job creation rebate under subsection
28 (c) of this section, (B) are not the result of FTEs acquired due to a merger
29 or acquisition, (C) are filled by a new employee, and (D) are qualified
30 FTE;

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

33 (10) "New FTEs maintained" means the total number of new FTEs
34 employed within a relevant time period;

35 (11) "Opportunity zone" means a population census tract that is a
36 low-income community that is designated as a "qualified opportunity
37 zone" pursuant to the Tax Cuts and Jobs Act of 2017, P.L. 115-97, as
38 amended from time to time;

39 (12) "Part-time job" means a job in which an employee is required to
40 work less than thirty-five hours per week. "Part-time job" does not
41 include a temporary or seasonal job;

42 (13) "Qualified business" means a person that is (A) engaged in
43 business in an industry related to finance, insurance, manufacturing,

44 bioscience, technology, digital media or any similar industry, as
45 determined by the sole discretion of the commissioner, and (B) subject
46 to taxation under chapter 207, 208 or 228z of the general statutes;

47 (14) "Qualified FTE" means an FTE who is paid qualified wages of at
48 least eighty-five per cent of the median household income for the
49 location where the FTE position is primarily located, scaled in
50 proportion to the FTE fraction, or thirty-seven thousand five hundred
51 dollars, scaled in proportion to the FTE fraction, whichever is greater;

52 (15) "Qualified wages" means wages sourced to this state pursuant to
53 section 12-705 of the general statutes;

54 (16) "Rebate period" means the calendar years in which a tax rebate
55 provided for in this section is to be paid pursuant to a contract executed
56 pursuant to subsection (c) of this section; and

57 (17) "Related person" means (A) a corporation, limited liability
58 company, partnership, association or trust controlled by the qualified
59 business, (B) an individual, corporation, limited liability company,
60 partnership, association or trust that is in control of the qualified
61 business, (C) a corporation, limited liability company, partnership,
62 association or trust controlled by an individual, corporation, limited
63 liability company, partnership, association or trust that is in control of
64 the qualified business, or (D) a member of the same controlled group as
65 the qualified business. For purposes of this subdivision, "control" means
66 (i) ownership, directly or indirectly, of stock possessing fifty per cent or
67 more of the total combined voting power of all classes of the stock of a
68 corporation entitled to vote, (ii) ownership, directly or indirectly, of fifty
69 per cent or more of the capital or profits interest in a partnership, limited
70 liability company or association, or (iii) ownership, directly or
71 indirectly, of fifty per cent or more of the beneficial interest in the
72 principal or income of a trust. The ownership of stock in a corporation,
73 of a capital or profits interest in a partnership, of a limited liability
74 company or association or of a beneficial interest in a trust shall be
75 determined in accordance with the rules for constructive ownership of

76 stock provided in Section 267(c) of the Internal Revenue Code of 1986,
77 or any subsequent corresponding internal revenue code of the United
78 States, as amended from time to time, other than paragraph (3) of said
79 section.

80 (b) There is established a JobsCT tax rebate program under which
81 qualified businesses that create jobs in this state, in accordance with the
82 provisions of this section, may be allowed a tax rebate, which shall be
83 treated as a credit against the tax imposed under chapter 207, 208 or 228z
84 of the general statutes.

85 (c) (1) To be eligible to claim a rebate under this section, a qualified
86 business shall apply to the commissioner in accordance with the
87 provisions of this subsection. The application shall be on a form
88 prescribed by the commissioner and may require information,
89 including, but not limited to, the number of new FTEs to be created by
90 the qualified business, the number of current FTEs employed by the
91 qualified business, feasibility studies or business plans for the increased
92 number of FTEs, projected state and local revenue that might derive as
93 a result of the increased number of FTEs and any other information
94 necessary to determine whether there will be net benefits to the
95 economy of the municipality in which the qualified business is primarily
96 located and the state.

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

103 (3) The commissioner, upon consideration of an application and any
104 additional information, may approve an application in whole or in part
105 or may approve an application with amendments. If the commissioner
106 disapproves an application, the commissioner shall identify the defects
107 in such application and shall explain the specific reasons for the

108 disapproval. The commissioner shall render a decision on an
109 application not later than ninety days after the date of its receipt by the
110 commissioner.

111 (4) The commissioner may approve an application in whole or in part
112 by a qualified business that creates new FTEs that do not meet the
113 minimum wage requirements to be qualified FTEs or may approve such
114 an application with amendments if a majority of such new FTEs are
115 individuals who are disabled, have been unemployed for at least twelve
116 consecutive months, have been convicted of a misdemeanor or felony or
117 have not graduated from and are not currently enrolled in an institution
118 of higher education. For the purposes of this subdivision, "disabled"
119 means inability to engage in any substantial gainful activity by reason
120 of any medically determinable physical or mental impairment that can
121 be expected to result in death or to be of long-continued and indefinite
122 duration.

123 (5) The commissioner may combine approval of an application with
124 the exercise of any of the commissioner's other powers, including, but
125 not limited to, the provision of other forms of financial assistance.

126 (6) The commissioner shall negotiate a contract with an approved
127 qualified business, which shall include, but need not be limited to, a
128 requirement that the qualified business consent to the Department of
129 Economic and Community Development's access of data compiled by
130 other state agencies, including, but not limited to, the Labor
131 Department, for the purposes of audit and enforcement and, if a
132 qualified business is approved by the commissioner in accordance with
133 subdivision (4) of this subsection, the required minimum wage such
134 business shall pay new discretionary FTEs to qualify for the tax rebates
135 provided for in subsection (f) of this section.

136 (7) Upon signing a contract with an approved qualified business, the
137 commissioner shall issue a rebate allocation notice stating the maximum
138 amount of each rebate available to such business for the rebate period
139 and the specific terms that such business shall meet to qualify for each

140 rebate. Such notice shall certify to the approved qualified business that
141 the rebates may be claimed by such business if it meets the specific terms
142 set forth in the notice.

143 (d) For the purposes of this section, the FTE of a full-time job or part-
144 time job is based on the hours worked or expected to be worked by an
145 employee in a calendar year. A job in which an employee worked or is
146 expected to work one thousand seven hundred fifty hours or more in a
147 calendar year equals one FTE. A job in which an employee worked or is
148 expected to work less than one thousand seven hundred fifty hours
149 equals a fraction of one FTE, where the fraction is the number of hours
150 worked in a calendar year divided by one thousand seven hundred fifty.
151 The commissioner shall have the discretion to adjust the calculation of
152 FTE.

153 (e) (1) In each calendar year of the rebate period, a qualified business
154 approved by the commissioner pursuant to subdivision (3) of subsection
155 (c) of this section that employs at least twenty-five new FTEs in this state
156 by December thirty-first of the calendar year that is two calendar years
157 prior to the calendar year in which the rebate is being claimed shall be
158 allowed a rebate equal to the greater of the following amounts:

159 (A) The sum of:

160 (i) The lesser of (I) the new FTEs created in an opportunity zone or
161 distressed municipality on December thirty-first of the calendar year
162 that is two calendar years prior to the calendar year in which the rebate
163 is being claimed, or (II) the new FTEs maintained in an opportunity zone
164 or distressed municipality in the previous calendar year, multiplied by
165 fifty per cent of the income tax that would be paid on the average wage
166 of the new FTEs, as determined using the applicable marginal rate set
167 forth in chapter 229 of the general statutes for an unmarried individual
168 based solely on such wages; and

169 (ii) The lesser of (I) the new FTEs created on December thirty-first of
170 the calendar year that is two calendar years prior to the calendar year in
171 which the rebate is being claimed, or (II) the new FTEs maintained in a

172 location other than an opportunity zone or distressed municipality in
173 the previous calendar year, multiplied by twenty-five per cent of the
174 income tax that would be paid on the average wage of the new FTEs, as
175 determined using the applicable marginal rate set forth in chapter 229
176 of the general statutes for an unmarried individual based solely on such
177 wages; or

178 (B) One thousand dollars multiplied by the lesser of (i) the new FTEs
179 created by December thirty-first of the calendar year that is two calendar
180 years prior to the calendar year in which the rebate is being claimed, or
181 (ii) the new FTEs maintained in the calendar year immediately prior to
182 the calendar year in which the rebate is being claimed.

183 (2) In no event shall the rebate under this subsection exceed in any
184 calendar year of the rebate period five thousand dollars multiplied by
185 the lesser of (A) the new FTEs created by December thirty-first of the
186 calendar year that is two calendar years prior to the calendar year in
187 which the rebate is being claimed, or (B) the new FTEs maintained in the
188 calendar year immediately prior to the calendar year in which the rebate
189 is being claimed.

190 (3) In no event shall an approved qualified business receive a rebate
191 under this section in any calendar year of the rebate period if such
192 business has not maintained at least twenty-five new FTEs in the
193 calendar year immediately prior to the calendar year in which the rebate
194 is being claimed.

195 (f) (1) In each calendar year of the rebate period, a qualified business
196 approved by the commissioner pursuant to subdivision (4) of subsection
197 (c) of this section that employs at least twenty-five new discretionary
198 FTEs in this state by December thirty-first of the calendar year that is
199 two calendar years prior to the calendar year in which the rebate is being
200 claimed shall be allowed a rebate equal to the sum of the amount
201 calculated pursuant to subdivision (1) of subsection (e) of this section
202 and the greater of the following:

203 (A) The sum of:

204 (i) The lesser of the new discretionary FTEs (I) created in an
205 opportunity zone or distressed municipality on December thirty-first of
206 the calendar year that is two calendar years prior to the calendar year in
207 which the rebate is being claimed, or (II) maintained in an opportunity
208 zone or distressed municipality in the previous calendar year,
209 multiplied by fifty per cent of the income tax that would be paid on the
210 average wage of the new discretionary FTEs, as determined using the
211 applicable marginal rate set forth in chapter 229 of the general statutes
212 for an unmarried individual based solely on such wages; and

213 (ii) The lesser of the new discretionary FTEs (I) created on December
214 thirty-first of the calendar year that is two calendar years prior to the
215 calendar year in which the rebate is being claimed, or (II) maintained in
216 a location other than an opportunity zone or distressed municipality in
217 the previous calendar year, multiplied by twenty-five per cent of the
218 income tax that would be paid on the average wage of the new
219 discretionary FTEs, as determined using the applicable marginal rate set
220 forth in chapter 229 of the general statutes for an unmarried individual
221 based solely on such wages; or

222 (B) Seven hundred fifty dollars multiplied by the lesser of the new
223 discretionary FTEs (i) created by December thirty-first of the calendar
224 year that is two calendar years prior to the calendar year in which the
225 rebate is being claimed, or (ii) maintained in the calendar year
226 immediately prior to the calendar year in which the rebate is being
227 claimed.

228 (2) In no event shall the rebate under this section exceed in any
229 calendar year of the rebate period five thousand dollars multiplied by
230 the lesser of the new discretionary FTEs (A) created by December thirty-
231 first of the calendar year that is two calendar years prior to the calendar
232 year in which the rebate is being claimed, or (B) maintained in the
233 calendar year immediately prior to the calendar year in which the rebate
234 is being claimed.

235 (3) In no event shall an approved qualified business receive a rebate

236 under this subsection in any calendar year of the rebate period if such
237 business has not maintained at least twenty-five new discretionary FTEs
238 in the calendar year immediately prior to the calendar year in which the
239 rebate is being claimed.

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

245 (h) (1) A rebate under this section may be granted to an approved
246 qualified business for not more than seven successive calendar years. A
247 rebate shall not be granted until at least thirty-six months after the
248 commissioner's approval of a qualified business' application.

249 (2) An approved qualified business that has fewer than twenty-five
250 new FTEs created in each of two consecutive calendar years or, if such
251 business is approved by the commissioner pursuant to subdivision (4)
252 of subsection (c) of this section, fewer than twenty-five new
253 discretionary FTEs in each of two consecutive calendar years shall
254 forfeit all remaining rebate allocations, unless the commissioner
255 recognizes mitigating circumstances of a regional or national nature,
256 including, but not limited to, a recession.

257 (i) Not later than January thirty-first of each year during the rebate
258 period, each approved qualified business shall provide information to
259 the commissioner regarding the number of new FTEs or new
260 discretionary FTEs created or maintained during the prior calendar year
261 and the qualified wages of such new employees. Any information
262 provided under this subsection shall be subject to audit by the
263 Departments of Economic and Community Development and Revenue
264 Services.

265 (j) Not later than March fifteenth of each year during the rebate
266 period, the Department of Economic and Community Development
267 shall report to the Department of Revenue Services the amounts of

268 rebates earned by each qualified business, as calculated pursuant to
269 subsections (e) and (f) of this section. The Department of Revenue
270 Services shall pay such rebates against taxes owed by an approved
271 qualified business pursuant to chapter 207, 208 or 228z of the general
272 statutes as determined by the Department of Revenue Services based on
273 the form of incorporation of the qualified business.

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

279 Sec. 2. (NEW) (*Effective July 1, 2020, and applicable to taxable years*
280 *commencing on or after January 1, 2021*) As used in this section, "affected
281 business entity" and "member" have the same meanings as provided in
282 subsection (a) of section 12-699 of the general statutes. An affected
283 business entity that receives a rebate under section 1 of this act shall
284 claim such rebate as a credit against the tax due under section 12-699 of
285 the general statutes. If the amount of the rebate allowed pursuant to
286 section 1 of this act exceeds the liability for the tax imposed under
287 section 12-699 of the general statutes, the Commissioner of Revenue
288 Services shall treat such excess as an overpayment and shall refund the
289 amount of such excess, without interest, to the taxpayer. For the
290 purposes of calculating a member's credit pursuant to subsection (g) of
291 section 12-699 of the general statutes, the tax paid by an affected
292 business entity shall be calculated using the tax due under section 12-
293 699 of the general statutes without regard to the rebate allowed
294 pursuant to section 1 of this act.

295 Sec. 3. Subsection (b) of section 12-211a of the general statutes is
296 repealed and the following is substituted in lieu thereof (*Effective July 1,*
297 *2020*):

298 (b) [(1) For a calendar year commencing on or after January 1, 2011,
299 and prior to January 1, 2013, the amount of tax credit or credits

300 otherwise allowable against the tax imposed under this chapter for such
301 calendar year may exceed the amount specified in subsection (a) of this
302 section only by the amount computed under subparagraph (A) of
303 subdivision (2) of this subsection, provided in no event may the amount
304 of tax credit or credits otherwise allowable against the tax imposed
305 under this chapter for such calendar year exceed one hundred per cent
306 of the amount of tax due from such taxpayer under this chapter with
307 respect to such calendar year of the taxpayer prior to the application of
308 such credit or credits.

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

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

324 (C) If the taxpayer's average monthly net employee gain is zero or
325 less than zero, the taxpayer may not exceed the amount specified in
326 subsection (a) of this section.] For calendar years commencing on or after
327 January 1, 2024, the amount of the rebate computed under section 1 of
328 this act shall be treated as a credit and may exceed the amount specified
329 in subsection (a) of this section. If the amount of the rebate allowed
330 pursuant to section 1 of this act exceeds the taxpayer's liability for the
331 tax imposed under this chapter, the commissioner shall treat such excess
332 as an overpayment and shall refund the amount of such excess, without

333 interest, to the taxpayer.

334 Sec. 4. Subsection (b) of section 12-217zz of the 2020 supplement to
335 the general statutes is repealed and the following is substituted in lieu
336 thereof (*Effective July 1, 2020*):

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

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

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

363 (C) If the taxpayer's average monthly net employee gain is zero or
364 less than zero, the taxpayer may not exceed the seventy per cent limit

365 imposed under subsection (a) of this section.] For income years
 366 commencing on or after January 1, 2024, the amount of the rebate
 367 computed under section 1 of this act shall be treated as a credit and may
 368 exceed the amount specified in subsection (a) of this section. If the
 369 amount of the rebate allowed pursuant to section 1 of this act exceeds
 370 the taxpayer's liability for the tax imposed under this chapter, the
 371 commissioner shall treat such excess as an overpayment and shall
 372 refund the amount of such excess, without interest, to the taxpayer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2020, and applicable to taxable years commencing on or after January 1, 2021</i>	New section
Sec. 2	<i>July 1, 2020, and applicable to taxable years commencing on or after January 1, 2021</i>	New section
Sec. 3	<i>July 1, 2020</i>	12-211a(b)
Sec. 4	<i>July 1, 2020</i>	12-217zz(b)

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.]