



Senate

General Assembly

File No. 352

January Session, 2021

Substitute Senate Bill No. 3

Senate, April 8, 2021

The Committee on Commerce reported through SEN. HARTLEY of the 15th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING DIVERSE ECONOMIC OPPORTUNITY,
WORKER PROTECTIONS AND SMALL BUSINESS REVITALIZATION.***

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 Section 12-217aaa of the general statutes is repealed and the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"
9 means the Commissioner of Economic and Community Development,
10 and (3) "human capital investment" means the amount paid or incurred
11 by a corporation on (A) job training which occurs in this state for
12 persons who are employed in this state; (B) work education programs
13 in this state, including, but not limited to, programs in public high
14 schools and work education-diversified occupations programs in this

15 state; (C) worker training and education for persons who are employed
16 in this state provided by institutions of higher education in this state;
17 (D) donations or capital contributions to institutions of higher education
18 in this state for improvements or advancements of technology,
19 including physical plant improvements; (E) planning, site preparation,
20 construction, renovation or acquisition of facilities in this state for the
21 purpose of establishing a child care center, as described in section 19a-
22 77, in this state to be used primarily by the children of employees who
23 are employed in this state; (F) subsidies to employees who are employed
24 in this state for child care to be provided in this state; and (G)
25 contributions made to the Individual Development Account Reserve
26 Fund, as defined in section 31-51ww.

27 (b) The commissioner shall establish and administer a program to
28 allow businesses in the state to utilize accumulated credits against the
29 tax imposed under this chapter and chapter 219 in exchange for (1)
30 capital projects, planned or underway, in the state that propose to [(1)]
31 (A) expand the scale or scope of such business, [(2)] (B) increase
32 employment at such business, or [(3)] (C) generate a substantial return
33 to the state economy, or (2) human capital investment. A business
34 seeking to utilize accumulated credits under this section shall submit to
35 the commissioner, on forms provided by the commissioner, an
36 application that shall include, but not be limited to: (A) A detailed plan
37 outlining the capital project or human capital investment, (B) the term
38 of such project or investment, (C) the estimated costs of such project or
39 investment, and (D) the amount of accumulated credits the business
40 proposes it be allowed to utilize under this section. The commissioner
41 shall perform an econometric analysis of each application and shall only
42 approve an application if he or she determines that such project or
43 investment will generate revenues for the state that exceed the amount
44 of the accumulated credits proposed to be utilized. The amount of such
45 accumulated credits shall be subject to confirmation, in accordance with
46 the provisions of this title, by the Commissioner of Revenue Services in
47 consultation with the commissioner.

48 (c) The commissioner shall determine, in consultation with the

49 Commissioner of Revenue Services and the Secretary of the Office of
50 Policy and Management, when such accumulated credits may be
51 utilized by the business, provided the commissioner shall not approve
52 the utilization of the accumulated credits until the capital project or
53 human capital investment under subsection (b) of this section generates
54 revenues for the state that exceed the amount of the accumulated credits
55 proposed to be utilized.

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

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

61 (f) Not later than February 1, 2019, and annually thereafter, the
62 commissioner shall include in the annual report required under section
63 32-1m: (1) Information on the number of applications received and the
64 number of applications approved under this section; (2) the status of the
65 capital projects or human capital investments associated with such
66 approved applications; (3) the amount of accumulated credits that are
67 proposed to be utilized under this section; and (4) (A) the amount and
68 type of state revenue generated in connection with each such capital
69 project or human capital investment to date, and (B) the projected
70 amount and type of such revenue for the five succeeding fiscal years
71 after completion of such capital project or human capital investment.

72 Sec. 2. (NEW) (*Effective October 1, 2021*) (a) As used in this section:

73 (1) "Dislocated worker" means an individual who:

74 (A) (i) Has been terminated or laid off, or has received a notice of
75 termination or layoff, from employment; (ii) is eligible for or has
76 exhausted entitlement to unemployment compensation, (iii) has been
77 employed for a duration sufficient to demonstrate, to the appropriate
78 entity at a one-stop center referred to in Section 134(c) of the federal
79 Workforce Innovation and Opportunity Act of 2014, P.L. 113-128, as

80 amended from time to time, attachment to the workforce, but is not
81 eligible for unemployment compensation due to insufficient earnings or
82 having performed services for an employer that were not covered under
83 chapter 567 of the general statutes; or (iv) is unlikely to return to a
84 previous industry or occupation;

85 (B) (i) Has been terminated or laid off, or has received a notice of
86 termination or layoff, from employment as a result of any permanent
87 closure of, or any substantial layoff at, a plant, facility or enterprise; (ii)
88 is employed at a facility at which the employer has made a general
89 announcement that such facility will close within one hundred eighty
90 days; or (iii) for purposes of eligibility to receive services, other than
91 training services described in subdivision (14) of subsection (b) of
92 section 31-11p of the general statutes, as amended by this act, intensive
93 services described in subdivision (13) of subsection (b) of said section,
94 or supportive services, is employed at a facility at which the employer
95 has made a general announcement that such facility will close;

96 (C) Was self-employed, including employment as a farmer, rancher
97 or fisherman, but is unemployed as a result of general economic
98 conditions in the community in which the individual resides or because
99 of natural disasters;

100 (D) Is a displaced homemaker; or

101 (E) (i) Is the spouse of a member of the armed forces of the United
102 States on active duty, as defined in 10 USC 101(d)(1), and who has
103 experienced a loss of employment as a direct result of relocation to
104 accommodate a permanent change in duty station of such member, or
105 (ii) is the spouse of a member of the armed forces of the United States
106 on active duty and who is unemployed or underemployed and is
107 experiencing difficulty in obtaining or upgrading employment;

108 (2) "Displaced homemaker" means an individual who has been
109 providing unpaid services to family members in the home and who (A)
110 has been dependent on the income of another family member, but is no
111 longer supported by that income; and (B) is unemployed or

112 underemployed and is experiencing difficulty in obtaining or
113 upgrading employment;

114 (3) "Economic development financial assistance" means any grant,
115 loan or loan guarantee, or combination thereof, or any tax credits
116 approved pursuant to chapter 578 of the general statutes, provided to a
117 business for the purpose of economic development;

118 (4) "Low-income individual" means an individual whose family
119 income is less than three hundred per cent of the federal poverty level
120 for the prior calendar year;

121 (5) "Minority" means an individual whose race is defined as other
122 than white, or whose ethnicity is defined as Hispanic or Latino by the
123 federal Office of Management and Budget for use by the Bureau of
124 Census of the United States Department of Commerce;

125 (6) "Nontraditional employment" means occupations or fields of
126 work for which individuals from one gender comprise less than twenty-
127 five per cent of the individuals employed in each such occupation or
128 field of work; and

129 (7) "Veteran" means any person who is a member of, was honorably
130 discharged from or released under honorable conditions from active
131 service in the armed forces, as defined in section 27-103 of the general
132 statutes.

133 (b) The Commissioner of Economic and Community Development
134 shall give priority to applicants for economic development financial
135 assistance who demonstrate a willingness, as determined by the
136 commissioner, to make jobs available to unemployed individuals, low-
137 income individuals, dislocated workers, individuals training for
138 nontraditional employment, veterans, minorities, women and
139 individuals with disabilities to the extent consistent with any state or
140 regional economic development strategy.

141 Sec. 3. (*Effective from passage*) (a) There is established a task force to
142 study the impact of the COVID-19 pandemic on the recruitment and

143 retention of employees in the tourism, lodging and restaurant
144 industries. Such study shall include, but need not be limited to, an
145 examination of (1) federal and state economic programs used by
146 businesses in such industries during the COVID-19 pandemic, (2) the
147 effectiveness of such programs in helping such industries retain
148 employees during the COVID-19 pandemic, and (3) any obstacles to
149 such industries reaching the employment levels that existed prior to the
150 COVID-19 pandemic. For the purposes of this section, "COVID-19"
151 means the respiratory disease designated by the World Health
152 Organization on February 11, 2020, as coronavirus 2019, and any related
153 mutation thereof recognized by said organization as a communicable
154 respiratory disease.

155 (b) The task force shall consist of the following members:

156 (1) Two appointed by the speaker of the House of Representatives;

157 (2) Two appointed by the president pro tempore of the Senate;

158 (3) One appointed by the majority leader of the House of
159 Representatives;

160 (4) One appointed by the majority leader of the Senate;

161 (5) One appointed by the minority leader of the House of
162 Representatives;

163 (6) One appointed by the minority leader of the Senate;

164 (7) The Commissioner of Economic and Community Development,
165 or the commissioner's designee;

166 (8) The Labor Commissioner, or the commissioner's designee; and

167 (9) Two persons appointed by the Governor.

168 (c) Any member of the task force appointed under subdivision (1),
169 (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member
170 of the General Assembly.

171 (d) All initial appointments to the task force shall be made not later
172 than thirty days after the effective date of this section. Any vacancy shall
173 be filled by the appointing authority.

174 (e) The speaker of the House of Representatives and the president pro
175 tempore of the Senate shall select the chairpersons of the task force from
176 among the members of the task force. Such chairpersons shall schedule
177 the first meeting of the task force, which shall be held not later than sixty
178 days after the effective date of this section.

179 (f) The administrative staff of the joint standing committee of the
180 General Assembly having cognizance of matters relating to commerce
181 shall serve as administrative staff of the task force.

182 (g) Not later than January 1, 2022, the task force shall submit a report
183 on its findings and recommendations to the joint standing committee of
184 the General Assembly having cognizance of matters relating to
185 commerce, in accordance with the provisions of section 11-4a of the
186 general statutes. The task force shall terminate on the date that it
187 submits such report or January 1, 2022, whichever is later.

188 Sec. 4. (NEW) (*Effective from passage*) The Department of Economic
189 and Community Development, in consultation with the Governor's
190 chief manufacturing officer, the State Board of Education and the Office
191 of Higher Education shall develop and implement a plan to advertise
192 certification programs, job training programs and entry-level
193 manufacturing jobs to graduates of the state's high schools and adult
194 education programs who do not join the armed forces or enroll in an
195 institution of higher education after graduation. Not later than January
196 1, 2022, and annually thereafter, the Commissioner of Economic and
197 Community Development shall report, in accordance with the
198 provisions of section 11-4a of the general statutes, to the joint standing
199 committees of the General Assembly having cognizance of matters
200 relating to commerce and education, regarding such plan and its
201 implementation.

202 Sec. 5. (*Effective from passage*) The Department of Economic and

203 Community Development, in consultation with the Connecticut
204 Sentencing Commission, shall evaluate the effectiveness of provisional
205 pardons and certificates of rehabilitation issued pursuant to section 54-
206 130e of the general statutes and certificates of rehabilitation issued
207 pursuant to section 54-108f of the general statutes, at promoting the
208 reintegration of ex-offenders into the state's workforce. Not later than
209 January 1, 2022, the Commissioner of Economic and Community
210 Development shall report, in accordance with the provisions of section
211 11-4a of the general statutes, to the joint standing committees of the
212 General Assembly having cognizance of matters relating to commerce
213 and the judiciary, on the effectiveness of such provisional pardons and
214 certificates of rehabilitation at promoting such reintegration. Such
215 report shall include any recommendations for amendments to the
216 general statutes governing such provisional pardons and certificates of
217 rehabilitation in order to promote such reintegration.

218 Sec. 6. (NEW) (*Effective from passage*) The Department of Economic
219 and Community Development, in consultation with the Department of
220 Veterans Affairs, the Labor Department and the Governor's chief
221 manufacturing officer, shall develop and implement a plan to identify
222 and communicate with veterans for the purpose of connecting such
223 veterans with employment opportunities in the state. Not later than
224 January 1, 2022, and annually thereafter, the Commissioner of Economic
225 and Community Development shall report, in accordance with the
226 provisions of section 11-4a of the general statutes, to the joint standing
227 committees of the General Assembly having cognizance of matters
228 relating to commerce and veterans' and military affairs, regarding such
229 plan and its implementation.

230 Sec. 7. (NEW) (*Effective from passage*) Connecticut Innovations,
231 Incorporated, in consultation with the Department of Economic and
232 Community Development, CTNext and the Connecticut Center for
233 Advanced Technology, Inc., shall develop and implement a plan to
234 increase the total of funds provided to state businesses pursuant to the
235 small business innovation research program, as defined in section 32-
236 344 of the general statutes, and the small business technology transfer

237 program, as defined in section 32-344 of the general statutes. Not later
238 than January 1, 2022, and annually thereafter, the Commissioner of
239 Economic and Community Development shall report, in accordance
240 with the provisions of section 11-4a of the general statutes, to the joint
241 standing committees of the General Assembly having cognizance of
242 matters relating to commerce and veterans' and military affairs,
243 regarding such plan and its implementation.

244 Sec. 8. (*Effective from passage*) The Department of Economic and
245 Community Development, in consultation with the Department of
246 Correction, shall conduct a study relating to the federal Prison Industry
247 Enhancement Certification Program. Such study shall include, but need
248 not be limited to, an analysis of the state's participation in said program
249 and an analysis of other states' participation in said program. Not later
250 than January 1, 2022, the Commissioner of Economic and Community
251 Development shall submit a report on the results of such study to the
252 joint standing committees of the General Assembly having cognizance
253 of matters relating to commerce and the judiciary, in accordance with
254 the provisions of section 11-4a of the general statutes. Such report shall
255 include any recommendations for the state's further participation in the
256 federal Prison Industry Enhancement Certification Program.

257 Sec. 9. (*Effective from passage*) The Commissioner of Economic and
258 Community Development shall conduct a study relating to the state's
259 opportunity zone financial incentives. Such study shall include, but
260 need not be limited to, (1) an analysis of (A) the financial incentives used
261 by the state to support opportunity zone investment, (B) the specific
262 economic development projects that such incentives have supported
263 and an accounting of such financial incentives paid to date, and (C) the
264 types of businesses that have used such incentives; and (2) the
265 compilation of a list of opportunity zones in the state with the highest
266 unemployment and poverty rates and the lowest median family income.
267 Not later than January 1, 2022, the commissioner shall submit a report
268 on the results of such study to the joint standing committee of the
269 General Assembly having cognizance of matters relating to commerce,
270 in accordance with the provisions of section 11-4a of the general statutes.

271 Such report shall include a plan to incentivize investment in the
272 opportunity zones listed pursuant to subdivision (2) of this section and
273 any legislative proposals necessary to implement such plan.

274 Sec. 10. (NEW) (*Effective October 1, 2021*) (a) As used in this section,
275 "small business" means a corporation, limited liability company,
276 partnership, sole proprietorship or individual operating a business for
277 profit, which has operations in this state and employs twenty or fewer
278 full-time employees, including employees employed in any subsidiary
279 or affiliated corporation.

280 (b) Not later than January 1, 2022, the Department of Economic and
281 Community Development shall establish a small business micro-loan
282 assistance program to assist small businesses in securing micro-loans
283 from lending institutions.

284 (c) As part of the program, the department shall (1) establish a
285 registry of lending institutions in the state that provide micro-loans to
286 small businesses, (2) solicit lending institutions for inclusion in such
287 registry, (3) advertise the program on the department's Internet web
288 site, (4) establish a method by which small businesses may contact the
289 department for assistance with securing a micro-loan from a lending
290 institution, (5) provide assistance to small businesses seeking a micro-
291 loan, including, but not limited to, identifying potential lending
292 institutions and assisting with the completion of any loan application.

293 (d) Not later than January 1, 2022, and annually thereafter, the
294 Commissioner of Economic and Community Development shall submit
295 a report to the joint standing committee of the General Assembly having
296 cognizance of matters relating to commerce, in accordance with the
297 provisions of section 11-4a of the general statutes, which details the
298 number of lending institutions included on the registry described in
299 subdivision (1) of subsection (c) of this section, the number of small
300 businesses who have contacted the department for assistance in
301 securing a micro-loan, and the number of small businesses who have
302 received a micro-loan from a lending institution after receiving
303 assistance from the department.

304 Sec. 11. Subsection (a) of section 36a-32 of the general statutes is
305 repealed and the following is substituted in lieu thereof (*Effective October*
306 *1, 2021*):

307 (a) In connection with the examination of a bank under section 36a-
308 17, the commissioner shall assess the record of the performance of the
309 bank in helping to meet the credit needs of its entire community,
310 including low and moderate-income neighborhoods, consistent with the
311 safe and sound operation of the bank. The commissioner shall assess the
312 community reinvestment performance of a bank utilizing the applicable
313 methodology set forth in federal CRA. In addition, the commissioner
314 shall consider the following in assessing a bank's record of performance:

315 (1) The bank's record of offering escrow accounts for purposes of
316 compliance with subsection (h) of section 47a-21;

317 (2) Efforts of the bank to work with delinquent residential mortgage
318 customers who are unemployed or underemployed to facilitate a
319 resolution of the delinquency; [and]

320 (3) The bank's record of participation in the small business micro-loan
321 assistance program established pursuant to section 10 of this act; and

322 ~~[(3)]~~ (4) Written comments received by the commissioner.

323 Sec. 12. (*Effective from passage*) The Commissioner of Economic and
324 Community Development, in consultation with the Labor Department,
325 shall conduct a study relating to the Federal Bonding Program
326 administered by the United States Department of Labor. Such study
327 shall analyze the effectiveness of such program. Not later than January
328 1, 2022, the commissioner shall submit a report on the results of such
329 study and any recommendations regarding the establishment of
330 complementary state incentives to supplement the Federal Bonding
331 Program to the joint standing committee of the General Assembly
332 having cognizance of matters relating to commerce, in accordance with
333 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>October 1, 2021</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>October 1, 2021</i>	New section
Sec. 11	<i>October 1, 2021</i>	36a-32(a)
Sec. 12	<i>from passage</i>	New section

CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Economic & Community Development	GF - Potential Cost	Up to 100,000	None
Department of Economic & Community Development	GF - Revenue Loss	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes a number of changes regarding economic development in the state, the fiscal impacts of which are described below:

Section 1 expands the stranded tax credit program by allowing businesses to exchange stranded Research & Development tax credits for human capital investments. To the extent this results in additional credits being allowed there is a potential revenue loss as early as FY 22. Any potential revenue loss may be offset in the long term by increased economic activity in the state.¹

Section 2 requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development assistance that demonstrate a willingness to

¹ The stranded tax credit program requires that projects or investments undertaken must generate revenues for the state that exceed the amount of credits to be utilized, as determined by the DECD commissioner using an econometric analysis. The program is capped at \$50 million in the aggregate.

makes jobs available to individuals meeting certain criteria. This does not result in any fiscal impact.

Section 3 establishes a task force to study the impact of the COVID-19 pandemic on the recruitment and retention of employees in the tourism, lodging, and restaurant industries. This does not result in any fiscal impact as PA 17-236 prohibits transportation allowances.

Section 4 requires the DECD, in consultation with specified entities, to develop and implement a plan to advertise certification programs, job training programs, and entry-level manufacturing jobs. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 5 requires the DECD, in consultation with the Connecticut Sentencing Commission, to evaluate the effectiveness of provisional pardons and certificates of rehabilitation in promoting the reintegration of ex-offenders into the state's workforce. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement utilizing existing resources of the Office of Workforce Strategy.

Section 6 requires the DECD, in consultation with specified entities, to develop and implement a plan to connect veterans to employment opportunities. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 7 requires Connecticut Innovations, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program. This does not result in any fiscal impact as it is anticipated that the agency can accomplish the requirement without the need for additional resources.

Section 8 requires the DECD, in consultation with the Department of

Corrections, to study the federal prison industry enhancement certification program. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement without the need for additional resources.

Section 9 requires the DECD commissioner to study the state's opportunity zone financial incentives, which can be accomplished without the need for additional agency resources.

Section 10 requires the DECD to establish, by January 1, 2022, a program to assist small businesses in securing micro-loans from lending institutions, as well as advertise the program on the agency's website. To the extent the DECD revamps its website to create a more robust portal for small businesses, there is an estimated one-time cost of up to \$100,000 in FY 22 only.

Section 11 adds a bank's participation in the small business micro-loan assistance program established in the bill to the criteria the Department of Banking must consider when assessing a bank's record of performance under the Community Reinvestment Act. This does not result in any fiscal impact.

Section 12 requires the DECD commissioner, in consultation with the Department of Labor (DOL), to conduct a study analyzing the effectiveness of the U.S. DOL's federal bonding program. This does not result in any fiscal impact as it is anticipated that the agencies can accomplish the requirement without the need for additional resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 3****AN ACT CONCERNING DIVERSE ECONOMIC OPPORTUNITY,
WORKER PROTECTIONS AND SMALL BUSINESS
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**[§ 5 — DECD STUDY OF PROVISIONAL PARDONS AND
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Requires DECD, in consultation with the Connecticut Sentencing Commission, to evaluate the effectiveness of provisional pardons and certificates of rehabilitation in promoting the reintegration of ex-offenders into the state's workforce

**[§ 6 — DECD PLAN FOR CONNECTING VETERANS TO
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Requires DECD, in consultation with specified entities, to develop and implement a plan to connect veterans to employment opportunities

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Requires CI, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program

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§ 12 — DECD STUDY OF FEDERAL BONDING PROGRAM

Requires the DECD commissioner, in consultation with DOL, to conduct a study analyzing the effectiveness of the U.S. DOL's federal bonding program

EFFECTIVE DATE: Upon passage, unless otherwise noted.

§ 1 — STRANDED TAX CREDIT PROGRAM EXPANSION

Expands the state's stranded tax credit program by allowing businesses to exchange stranded R&D tax credits for human capital investments

By law, businesses can exchange accumulated (i.e., stranded) research and development (R&D) tax credits for undertaking certain in-state capital projects. The bill (1) allows businesses to do the same for making human capital investments and (2) makes various conforming changes to the stranded tax credit program.

As under the state's human capital investment tax credit program (CGS § 12-217x(a)), the bill defines "human capital investment" as:

1. in-state job training for in-state workers;
2. in-state work education programs (e.g., public high school programs and work education-diversified occupations programs);

3. worker training and education for in-state workers that in-state higher education institutions provide;
4. donations or capital contributions to in-state higher education institutions for improvements or technology advancements;
5. planning, site preparation, construction, renovation, or acquisition for the purpose of establishing an in-state child care center that will be primarily used by the children of in-state workers;
6. subsidies to in-state workers for in-state child care; and
7. contributions to the Individual Development Account Reserve Fund.

Existing law provides a 5% corporation tax credit for these human capital investments (CGS § 12-217x).

EFFECTIVE DATE: July 1, 2021, and applicable to income years beginning January 1, 2021.

§ 2 — PRIORITY APPLICANTS FOR ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE

Requires the DECD commissioner to prioritize applicants for economic development assistance that demonstrate a willingness to make jobs available to individuals meeting certain criteria

The bill requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development financial assistance (i.e., DECD-approved grants, loans, loan guarantees, or combination, and tax credits for economic development) that demonstrate a willingness to make jobs available to certain individuals. These individuals include individuals with disabilities or who are:

1. unemployed;
2. low-income (i.e., whose family income is less than 300% of the federal poverty level for the previous calendar year);

3. dislocated workers (see below);
4. training for nontraditional employment (i.e., occupations or fields in which employees from one gender comprise less than 25% of total employees);
5. veterans (i.e., members of the armed services or those discharged or released under honorable conditions from the U.S. Army, Navy, Marine Corps, Coast Guard, and Air Force and any reserve component of these branches, including the Connecticut National Guard performing duty under Title 32 of the U.S. Code (e.g., certain Homeland Security missions));
6. minorities (i.e., whose race is non-white or ethnicity is Hispanic or Latino, as defined by the federal Office of Management and Budget for use by the U.S. Census Bureau); or
7. women.

The bill gives the DECD commissioner discretion to determine whether applicants have demonstrated a willingness to make jobs available to the individuals described above. It also requires that any assistance provided be consistent with state or regional economic development strategies.

Under the bill, a “dislocated worker” means an individual who:

1. (a) has been terminated, laid off, or received notice of such; (b) is eligible for, or has exhausted entitlement to, unemployment compensation; (c) has been sufficiently employed to demonstrate attachment to the workforce to a one-stop center but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not eligible for state unemployment compensation; or (d) is unlikely to return to a previous industry or occupation;
2. (a) has been terminated, laid off, or received notice of this due to a permanent closure of, or substantial layoff at, a plant, facility,

- or enterprise; (b) is employed at a facility where the employer has announced the facility will close within 180 days; or (c) for purposes of eligibility to receive certain one-stop workforce development services (excluding certain training, intensive, and supportive services) is employed at a facility where the employer has announced the facility will close;
3. was self-employed (including as a farmer, rancher, or fisherman) but is unemployed due to (a) the economic conditions of the community where he or she resides or (b) natural disasters;
 4. is a displaced homemaker (i.e., has been providing unpaid services to family members in the home and (a) was dependent on another family member's income that is no longer supporting him or her and (b) is unemployed or underemployed and having difficulty obtaining or upgrading employment); or
 5. is the spouse of an active duty U.S. armed forces member (a) who is unemployed or underemployed and having difficulty obtaining or upgrading employment or (b) has experienced a loss of employment due to relocation accommodating his or her spouse's permanent change in duty station.

EFFECTIVE DATE: October 1, 2021

§ 3 — TOURISM, LODGING, AND RESTAURANT INDUSTRY COVID-19 TASK FORCE

Establishes a task force to study the impact of the COVID-19 pandemic on the recruitment and retention of tourism, lodging, and restaurant industry employees

Task Force Duties

The bill establishes a task force to study the impact of the COVID-19 pandemic on the recruitment and retention of tourism, lodging, and restaurant industry employees, including (1) federal and state economic programs that businesses in these industries used during the pandemic; (2) the effectiveness of these programs on helping employee retainment; and (3) obstacles faced by these industries in attaining pre-COVID-19 employment levels. "COVID-19" means the respiratory disease

designated by the World Health Organization (WHO) on February 11, 2020, as coronavirus 2019, and any related WHO-recognized mutation as a communicable respiratory disease.

Task Force Membership

Under the bill, the 12-member task force must include the DECD and Department of Labor (DOL) commissioners, or their designees, and the following appointments: governor (two), house speaker (two), senate president pro tempore (two), house majority leader (one), senate majority leader (one), house minority leader (one), and senate minority leader (one). Appointed members may be legislators.

The bill requires appointing authorities to make their appointments within 30 days of its passage and fill any vacancies.

Task Force Meetings and Procedures

The bill requires the House speaker and Senate president pro tempore to select the chairpersons from among the task force's members. The chairpersons must schedule and hold the task force's first meeting within 60 days after the bill's passage. The Commerce Committee's administrative staff must serve as the task force's administrative staff.

Task Force Report and Termination

The bill requires the task force to submit a report with its findings and recommendations to the Commerce Committee by January 1, 2022; the task force terminates on this date or when it submits the report, whichever is later.

Background

Related Bills. sHB 6603 (File 212), favorably reported by the Commerce Committee, establishes an 11-member task force to study the shortage of employees in various tourism-related businesses in the state.

§ 4 — DECD ADVERTISING PLAN FOR CERTAIN PROGRAMS AND JOB OPPORTUNITIES

Requires DECD, in consultation with specified entities, to develop and implement a plan to advertise certification programs, job training programs, and entry-level manufacturing jobs

The bill requires DECD, in consultation with the governor's chief manufacturing officer, the State Board of Education, and the Office of Higher Education, to develop and implement a plan to advertise certain programs and job opportunities to state high school and adult education program graduates who do not join the armed forces or enroll in higher education institutions. These programs and job opportunities are certification programs, job training programs, and entry-level manufacturing jobs.

By January 1, 2022, and annually thereafter, the DECD commissioner must report to the Commerce and Education committees on the plan and its implementation.

§ 5 — DECD STUDY OF PROVISIONAL PARDONS AND CERTIFICATES OF REHABILITATION

Requires DECD, in consultation with the Connecticut Sentencing Commission, to evaluate the effectiveness of provisional pardons and certificates of rehabilitation in promoting the reintegration of ex-offenders into the state's workforce

The bill requires DECD, in consultation with the Connecticut Sentencing Commission, to evaluate the effectiveness of provisional pardons and certificates of rehabilitation in promoting the reintegration of ex-offenders into the state's workforce.

The bill requires the DECD commissioner to submit a report with findings and legislative recommendations to the Commerce and Judiciary committees by January 1, 2022.

§ 6 — DECD PLAN FOR CONNECTING VETERANS TO EMPLOYMENT OPPORTUNITIES

Requires DECD, in consultation with specified entities, to develop and implement a plan to connect veterans to employment opportunities

The bill requires DECD, in consultation with the Department of Veterans Affairs, DOL, and the governor's chief manufacturing officer, to develop and implement a plan to identify, communicate with, and connect veterans to in-state employment opportunities.

By January 1, 2022, and annually thereafter, the DECD commissioner must report to the Commerce and Veterans' Affairs committees on the plan and its implementation.

§ 7 — CI PLAN FOR INCREASING FUNDING THROUGH CERTAIN FEDERAL SMALL BUSINESS RESEARCH PROGRAMS

Requires CI, in consultation with specified entities, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the small business innovation research program and small business technology transfer program

The bill requires Connecticut Innovations (CI), in consultation with DECD, CTNext, and the Connecticut Center for Advanced Technology, to develop and implement a plan to increase the total funding provided to Connecticut businesses through the federal (1) small business innovation research program and (2) small business technology transfer program.

By January 1, 2022, and annually thereafter, the DECD commissioner must report to the Commerce and Veterans' Affairs committees on the plan and its implementation.

§ 8 — DECD STUDY OF FEDERAL PRISON INDUSTRY ENHANCEMENT CERTIFICATE PROGRAM

Requires DECD, in consultation with DOC, to study the federal prison industry enhancement certification program

The bill requires DECD, in consultation with the Department of Correction (DOC), to study the federal prison industry enhancement certification program, including an analysis of Connecticut's and other states' participation in this program.

The bill requires the DECD commissioner to submit a report to the Commerce and Judiciary committees by January 1, 2022, with the results of the study and recommendations for the state's future participation in the program.

§ 9 — DECD STUDY OF OPPORTUNITY ZONE FINANCIAL INCENTIVES

Requires the DECD commissioner to study the state's opportunity zone financial incentives

The bill requires the DECD commissioner to study the state's

opportunity zone financial incentives. In conducting the study, DECD must compile a list of economically distressed opportunity zones in the state with the highest unemployment and poverty rates and the lowest median household income. The department must also analyze:

1. the financial incentives the state uses to support opportunity zone investments;
2. the specific economic development projects that these incentives have supported and an accounting of financial incentives the state has paid to date; and
3. the types of businesses that have used these incentives.

The bill requires the DECD commissioner to submit a report on the results of the study to the Commerce Committee by January 1, 2022. The study must include (1) a plan to incentivize investment in the identified economically distressed opportunity zones and (2) legislative proposals to implement this plan.

§ 10 — DECD SMALL BUSINESS MICRO-LOAN ASSISTANCE PROGRAM

Requires DECD to establish, by January 1, 2022, a program to assist small businesses in securing micro-loans from lending institutions

The bill requires DECD to establish, by January 1, 2022, a program to assist small businesses in securing micro-loans from lending institutions. As part of the program, DECD must:

1. establish a registry of in-state lenders that provide micro-loans to small businesses and solicit lenders for inclusion in the registry;
2. advertise the program on its website;
3. establish a method for small businesses seeking a micro-loan to contact DECD for assistance; and
4. assist these businesses, including by identifying potential lenders and helping to complete loan applications.

Under the bill, “small business” means an in-state corporation, limited liability company, partnership, sole proprietorship, or individual operating a for-profit business with 20 or fewer full-time employees, including employees of a subsidiary or affiliated corporation.

By January 1, 2022, and annually thereafter, the DECD commissioner must report to the Commerce Committee on the program, including the number of (1) lenders in the registry, (2) unique assistance requests DECD received from small businesses seeking a micro-loan, and (3) small businesses that have received a micro-loan from a lender after receiving DECD assistance.

EFFECTIVE DATE: October 1, 2021

§ 11 — COMMUNITY REINVESTMENT ACT PERFORMANCE CONSIDERATIONS

Requires the DOB commissioner, when assessing a bank under the state's CRA, to consider the bank's record of participation in the small business micro-loan assistance program the bill establishes

The bill requires the Department of Banking (DOB) commissioner, when assessing a bank’s performance record under the state’s Community Reinvestment Act (CRA, see BACKGROUND), to also consider the bank’s record of participation in the small business micro-loan assistance program the bill establishes (see above).

EFFECTIVE DATE: October 1, 2021

Background

CRA. The Connecticut CRA, among other things, requires the DOB commissioner to assess each bank’s record of meeting its local communities’ credit needs. The banking department gives each bank a score reflecting its community lending efforts. Banks receiving lower assessment scores may be prohibited from certain activities (e.g., opening new branches or merging with other banks). In practice, the law applies to all state-chartered banks, as well as out-of-state banks with a Connecticut branch (CGS § 36a-30).

Related Bills. sHB 6453 (File 227), favorably reported by the Banking Committee, requires the DOB commissioner, when deciding whether to approve a new loan production office for a Connecticut bank or an out-of-state bank, to consider both the bank's record of compliance with the federal CRA and overall CRA rating.

§ 12 — DECD STUDY OF FEDERAL BONDING PROGRAM

Requires the DECD commissioner, in consultation with DOL, to conduct a study analyzing the effectiveness of the U.S. DOL's federal bonding program

The bill requires the DECD commissioner, in consultation with DOL, to conduct a study analyzing the effectiveness of the U.S. DOL's federal bonding program.

The bill requires the DECD commissioner to submit a report to the Commerce Committee by January 1, 2022, including the results of the study and any recommendations for establishing complementary state incentives to supplement the program.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 6 (03/22/2021)