

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 21-188—sSB 3**  
*Commerce Committee*

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

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*Establishes a vocational village program, administered by DOC in consultation with DECD, to provide skilled trades training to inmates*

**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.

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The act (1) allows businesses to do the same for making human capital investments and (2) makes various conforming changes to the stranded tax credit program. Among other things, human capital investment credits exchanged under the act count against existing law's \$50 million aggregate cap on exchanging stranded credits.

As under the state's human capital investment tax credit program (CGS § 12-217x(a)), the act 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 of in-state facilities to establish a 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 act requires the Department of Economic and Community Development (DECD) commissioner to prioritize applicants for economic development financial assistance 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 (as defined in the federal Workforce Innovation and Opportunity Act of 2014 (P.L. 113-128));
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

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- 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 act 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 (i.e., DECD-approved grants, loans, loan guarantees, or a combination of these) provided be consistent with state or regional economic development strategies.

EFFECTIVE DATE: October 1, 2021

### § 3 — DECD REPORT ON HOSPITALITY INDUSTRY RECOVERY

*Requires the DECD commissioner, in consultation with the DRS commissioner, to report on the hospitality industry's recovery from the COVID-19 pandemic*

The act requires the DECD commissioner, in consultation with the Department of Revenue Services (DRS) commissioner, to periodically report to the Commerce Committee on the hospitality industry's recovery from the COVID-19 pandemic. The first report is due by July 1, 2021, and subsequent reports are due on a fiscal quarterly basis until June 30, 2022. The reports may include regional assessments on this topic.

### § 4 — 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 federal small business innovation research and small business technology transfer programs*

The act requires Connecticut Innovations, Inc. (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.

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

### § 5 — DECD STUDY OF OPPORTUNITY ZONE FINANCIAL INCENTIVES

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

The act 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

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

### § 6 — VOCATIONAL VILLAGE PROGRAM

*Establishes a vocational village program, administered by DOC in consultation with DECD, to provide skilled trades training to inmates*

The act establishes a vocational village program, administered by the Department of Correction (DOC) commissioner in consultation with DECD, to provide skilled trades training to inmates. It must give inmates opportunities to earn nationally recognized industry certifications and credentials. Under the act, these may include credentials in computer coding, carpentry, computerized numerical control manufacturing, welding, electrical, heating, ventilation and air conditioning, and plumbing.

Under the act, the DOC commissioner must:

1. establish eligibility criteria and an inmate application process;
2. develop program objectives;
3. identify nationally recognized industry certifications to offer through the program;
4. develop and implement curricula;
5. identify and use a suitable facility to operate the program;
6. obtain suitable staff, equipment, and educational materials for the program's operation; and
7. annually report on the program to the Judiciary and Commerce committees, with the first report due by January 1, 2022.

The act also allows the DOC commissioner to (1) participate in the federal prison industry enhancement certification program or (2) partner with private sector entities to further the vocational village program objectives.

The act requires the Office of Policy and Management (OPM) secretary to allocate funds to DOC for the program from the federal funds the state received from the Coronavirus Aid, Relief, or Economic Security Act (CARES Act, P.L. 116-136); the Coronavirus Response and Relief Supplemental Appropriations Act (P.L. 116-260); or the American Rescue Plan Act of 2021 (P.L. 117-2).

EFFECTIVE DATE: October 1, 2021