



# House of Representatives

General Assembly

**File No. 340**

February Session, 2022

House Bill No. 5438

*House of Representatives, April 6, 2022*

The Committee on Commerce reported through REP. CURREY of the 11th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT ESTABLISHING A CREDIT AGAINST THE CORPORATION BUSINESS TAX AND PERSONAL INCOME TAX FOR NONRESIDENTIAL BUILDING IMPROVEMENTS MADE TO REDUCE THE SPREAD OF COVID-19.***

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

1 Section 1. (*Effective from passage*) (a) As used in this section, "COVID-  
2 19" means the respiratory disease designated by the World Health  
3 Organization on February 11, 2020, as coronavirus 2019, and any related  
4 mutation thereof recognized by the World Health Organization as a  
5 communicable respiratory disease.

6 (b) For income or taxable years commencing on or after January 1,  
7 2020, but prior to January 1, 2023, there shall be allowed a credit against  
8 the tax imposed under chapter 208 or 229 of the general statutes, other  
9 than the liability imposed by section 12-707 of the general statutes, for  
10 nonresidential building improvements to reduce the spread of COVID-  
11 19. Nonresidential building improvements eligible for a credit pursuant  
12 to this section include: (1) Bipolar ionization and ultraviolet lighting to

13 disinfect indoor air and surfaces; (2) infrared thermometers for  
14 screening visitors in common areas; (3) transparent sneeze guards or  
15 shields; (4) touchless entryways and security devices; (5) ventilation  
16 improvements; and (6) other materials, supplies and equipment that are  
17 necessary to create a safe environment for employers and employees to  
18 return to their work spaces.

19 (c) (1) The amount of the credit shall be (A) seventy-five per cent of  
20 the taxpayer's expenditures for a work location of less than thirty  
21 thousand square feet, provided the credit for such expenditures shall  
22 not exceed one hundred thousand dollars per location; and (B) fifty per  
23 cent of the taxpayer's expenditures for a work location of thirty  
24 thousand square feet or more, provided the credit for such expenditures  
25 shall not exceed two hundred fifty thousand dollars per location. Any  
26 credit not used in the income or taxable year for which it was allowed  
27 may be carried forward for the seven immediately succeeding income  
28 or taxable years until the full credit has been claimed. Any taxpayer  
29 claiming the credit shall provide the Department of Revenue Services  
30 documentation supporting such claim in the form and manner  
31 prescribed by the Commissioner of Revenue Services.

32 (2) If the taxpayer is an S corporation or an entity treated as a  
33 partnership for federal income tax purposes, the credit may be claimed  
34 by the taxpayer's shareholders or partners. If the taxpayer is a single  
35 member limited liability company that is disregarded as an entity  
36 separate from its owner, the credit may be claimed by such limited  
37 liability company's owner, provided such owner is subject to the tax  
38 imposed under chapter 208 or 229 of the general statutes.

39 (d) The amount of such credit allowed to any taxpayer under this  
40 section shall not exceed the amount of tax due from such taxpayer under  
41 chapter 208 or 229 of the general statutes with respect to such income or  
42 taxable year.

43 (e) No taxpayer claiming the credit under this section with respect to  
44 a nonresidential building improvement may claim a credit against any  
45 tax under any other provision of the general statutes with respect to the

46 same improvement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

**CE**      *Joint Favorable*

*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 23 \$	FY 24 \$
Department of Revenue Services	GF - Revenue Loss	Potential Significant	Potential Significant
Department of Revenue Services	GF - Cost	Up to \$100,000	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill, which establishes a time-limited personal income or corporation business tax credit for nonresidential building improvements to reduce the spread of COVID-19, results in: 1) a potentially significant General Fund revenue loss in FY 23 and FY 24, and 2) a one-time cost to the Department of Revenue Services of up to \$100,000 in FY 23 only for updates to the online Taxpayer Service Center and internal CTax integrated tax administration system.

It is unknown how many qualifying projects would be eligible for the credit; while there is a cap on the amount of the credit available for individual projects, there is no aggregate program cap. The actual revenue loss would be equal to the number of eligible projects multiplied by the applicable credit amount.<sup>1</sup>

<sup>1</sup> The credit amount is 75% of qualifying expenditures up to \$100,000 per location for work locations less than 30,000 square feet and 50% of qualifying expenditures up to \$250,000 per location for work locations of 30,000 square feet or more.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue through no later than FY 30.<sup>2</sup>

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<sup>2</sup> The bill allows the credit to be taken in the year in which it is allowed or to be carried forward for the seven immediately succeeding years until it has been fully claimed.

**OLR Bill Analysis**

**HB 5438**

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**SUMMARY**

The Office of Legislative Research does not analyze Special Acts.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable

Yea 21 Nay 1 (03/22/2022)