

Commerce Committee JOINT FAVORABLE REPORT

Bill No.: SB-351
Title: AN ACT CONCERNING THE EXTENSION OF RESEARCH AND DEVELOPMENT TAX CREDITS TO PASS-THROUGH ENTITIES.
Vote Date: 3/22/2022
Vote Action: Joint Favorable
PH Date: 3/15/2022
File No.:

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SPONSORS OF BILL:

Commerce Committee

REASONS FOR BILL:

SB 351 requires the Commissioner of Economic and Community Development to study if research and development tax credits should be extended to pass-through entities. The report should be completed no later than January 1, 2023.

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

Mr. Garrett Sheehan, President and CEO, Greater New Haven and Quinnipiac Chambers of Commerce: Their chambers support this legislation. They point out that there are a growing cluster of life sciences companies. Expanding research and development tax credits will stabilize and strengthen our key bioscience industry. This will also help the state actively recruit more bio-businesses into the state.

Mr. Paul Pescatello, Senior Counsel and Executive Director of the CT Bioscience Growth Council: He offered his testimony in support of this bill and his comments are applicable to all pass-through entities, not just biotechnology companies. The incentive is to do your research and development in our state, make your research and development investments here, and take your risks here and the state will give you a credit against future

income. They believe that as a form of capital enhancement, research and development tax credits are a powerful incentive to draw research and development to Connecticut.

Mr. Jim Gildea, Board Member, ManufactureCT: They are in support of this proposal. It is unfortunate that class S corporations and pass-through entities who would benefit the most from the research and tax development credits are unable to get them and are forced to fend for themselves. We ask that you level the playing field and that you provide this incentive to smaller companies so that they too can get the benefit of tax credits to help spur R&D, innovation, and creativity.

NATURE AND SOURCES OF OPPOSITION:

Mr. David Godbout, Constituent: He opposes all bills put forward by the committee under the claim of nullification.

Reported by: Richard Ferrari, Assist. Clerk

Date: 3/30/22