



General Assembly
February Session, 2010

Raised Bill No. 5435

LCO No. 1996

01996_____CE_

Referred to Committee on Commerce

Introduced by:

(CE)

AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS' JOB GROWTH ROUNDTABLE.

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

Section 1. (NEW) (*Effective July 1, 2010*) (a) There is established an account to be known as the "preseed funding account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by Connecticut Innovations, Incorporated, for the purposes of providing preseed funding pursuant to the program established in subsection (b) of this section.

(b) Connecticut Innovations, Incorporated, shall establish a program to provide preseed funding for Connecticut businesses, which shall include, but not be limited to, funding for proof of concepts. The program shall also provide support services to high-potential entrepreneurs. The corporation shall enter into an agreement, pursuant to chapter 55a of the general statutes, with a nonprofit corporation providing services and resources to entrepreneurs and businesses to operate such program.

Sec. 2. (*Effective July 1, 2010*) (a) For the purposes described in subsection (b) of this section, the State Bond Commission shall have the power, from time to time, to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate twelve million dollars.

(b) The proceeds of the sale of said bonds, to the extent of the amount stated in subsection (a) of this section, shall be used by Connecticut Innovations, Incorporated,

for the purpose of providing preseed funding pursuant to the program established in section 1 of this act.

(c) All provisions of section 3-20 of the general statutes, or the exercise of any right or power granted thereby, which are not inconsistent with the provisions of this section are hereby adopted and shall apply to all bonds authorized by the State Bond Commission pursuant to this section, and temporary notes in anticipation of the money to be derived from the sale of any such bonds so authorized may be issued in accordance with said section 3-20 and from time to time renewed. Such bonds shall mature at such time or times not exceeding twenty years from their respective dates as may be provided in or pursuant to the resolution or resolutions of the State Bond Commission authorizing such bonds. None of said bonds shall be authorized except upon a finding by the State Bond Commission that there has been filed with it a request for such authorization which is signed by or on behalf of the Secretary of the Office of Policy and Management and states such terms and conditions as said commission, in its discretion, may require. Said bonds issued pursuant to this section shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said bonds as the same become due, and accordingly and as part of the contract of the state with the holders of said bonds, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the State Treasurer shall pay such principal and interest as the same become due.

Sec. 3. (NEW) (*Effective July 1, 2010, and applicable to taxable years commencing on or after January 1, 2010*) (a) As used in this section:

(1) "Angel investor" or "investor" means an accredited investor, as defined by the Securities and Exchange Commission, who may seek active involvement, such as consulting and mentoring, in a business, but "angel investor" or "investor" does not include (A) persons controlling fifty per cent or more of the Connecticut business invested in by the angel investor or investor, (B) a venture capital company, or (C) any bank, bank and trust company, insurance company, trust company, national bank, savings association or building and loan association for activities that are a part of its normal course of business;

(2) "Cash investment" means money or money equivalent in consideration for qualified securities;

(3) "Connecticut business" means any business owned by an individual or a partnership, association or corporation, and domiciled in Connecticut, or any corporation, even if a wholly-owned subsidiary of a foreign corporation, that does business primarily in Connecticut, or does substantially all of such business's production in Connecticut;

(4) "Qualified securities" means (A) any form of equity, including a general or limited partnership interest, common stock, preferred stock, with or without voting rights, without regard to seniority position and whether or not convertible into common stock, any form of subordinate or convertible debt, or both, with warrants or other means of equity conversion attached, or (B) a debt instrument, including a note or debenture that is secured or unsecured, subordinated to the general creditors of the debtor and requiring no payments of principal, other than principal payments required to be made out of any future profits of the debtor, for at least a seven-year period after commencement of such debt instrument's term.

(b) There shall be allowed a credit against the tax imposed under chapter 229 of the general statutes for a cash investment in the qualified securities of a Connecticut business by an angel investor. The credit shall be in an amount equal to twenty-five per cent of such investor's cash investment, provided no credit shall be greater than one hundred twenty-five thousand dollars. The credit shall be taken in the year in which such cash investment is made by the angel investor.

(c) To be a cash investment qualifying for a tax credit pursuant to this section, such investment shall be in a Connecticut business that (1) has been approved as a qualified Connecticut business pursuant to subsection (d) of this section; (2) had annual gross revenues of less than five million dollars in the most recent income year of such business; (3) has fewer than twenty-five employees, more than half of whom reside in this state; (4) has been operating in this state for less than ten consecutive years; (5) is primarily owned by the management of the business and their families; and (6) received less than four million dollars in cash investments eligible for the tax credits provided by this section. No investor may claim a credit pursuant to this section for cash investments in Connecticut Innovations, Incorporated.

(d) (1) A Connecticut business may apply to Connecticut Innovations, Incorporated, for approval as a Connecticut business qualified to receive cash investments eligible for tax credits pursuant to this section. The application shall include (A) the name of the business and a copy of the organizational documents of such business, (B) a business plan, including a description of the business and the management, product, market and financial plan of the business, (C) a description of the business's innovative and proprietary technology, product or service, (D) a statement of the potential economic impact of the business, including the number, location and types of jobs expected to be created, (E) a description of the qualified securities to be issued, the consideration to be paid for the qualified securities, the amount of any tax credits requested and the earliest year in which such tax credits may be redeemed, (F) a statement of the amount, timing and projected use of the proceeds to be raised from the proposed sale of qualified securities, and (G) such other information as the executive director of Connecticut Innovations, Incorporated, may require.

(2) Said executive director shall, on or before August 1, 2010, and monthly thereafter, compile a list of approved applications, categorized by the estimated amount of tax credits and type of qualified securities offered, submitted by qualified Connecticut businesses.

(e) (1) Any angel investor that intends to provide a cash investment to a business on such list may apply to the Commissioner of Revenue Services to reserve a tax credit in the amount indicated by such investor. The aggregate amount of all tax credits that may be reserved by the Commissioner of Revenue Services shall not exceed six million dollars annually for the fiscal years commencing July 1, 2010, to July 1, 2012, inclusive, and shall not exceed three million dollars in each fiscal year thereafter. No credits may be allowed under this section on or after July 1, 2020.

(2) The amount of the credit allowed to any investor pursuant to this section shall not exceed the amount of tax due from such investor under chapter 229 of the general statutes with respect to such taxable year. Any tax credit not used in the taxable year during which the cash investment was made may be carried forward for the five immediately succeeding taxable years until the full credit has been allowed.

(3) Any credit allowed pursuant to this section may be sold, assigned or otherwise transferred, in whole or in part, to one or more taxpayers, and such taxpayers may sell, assign or otherwise transfer, in whole or in part, such credit. If an investor sells, assigns or otherwise transfers a credit to another taxpayer, the transferor and transferee shall jointly submit written notification of such transfer to the Commissioner of Revenue Services not later than thirty days after such transfer. If such transferee sells, assigns or otherwise transfers a credit under this section to a subsequent transferee, such transferee and such subsequent transferee shall jointly submit written notification of such transfer to the Commissioner of Revenue Services not later than thirty days after such transfer. The notification after each transfer shall include the credit certificate number, the date of transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and the transferee, and any other information required by the Commissioner of Revenue Services. Failure to comply with this subdivision shall result in a disallowance of the tax credit until there is full compliance on the part of the transferor and the transferee and for a second transfer, on the part of the transferee, and the subsequent transferee.

(f) A review of the effectiveness of the credit shall be conducted by Connecticut Innovations, Incorporated, by September 1, 2015. Such review shall be submitted to the joint standing committee of the General Assembly having cognizance of matters relating to commerce.

Sec. 4. Subsection (b) of section 32-35 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

(b) The corporation shall be governed by a board of fifteen directors. Eight members shall be appointed by the Governor, [\(1\)](#) at least six of whom shall be knowledgeable, and have favorable reputations for skill, knowledge and experience, in the development of innovative technology and technological processes including, but not limited to, expertise in academic research, technology transfer and application, the development of technological invention and new enterprise development, [and \(2\) one member shall be a member of an angel investor group in the state.](#) Three members shall be the Commissioner of Economic and Community Development, the Commissioner of Higher Education and the Secretary of the Office of Policy and Management, who shall serve ex officio and shall have all of the powers and privileges of a member of the board of directors. Each ex-officio member may designate his deputy or any member of his staff to represent him at meetings of the corporation with full power to act and vote in his behalf. Four members shall be appointed as follows: One by the president pro tempore of the Senate, one by the minority leader of the Senate, one by the speaker of the House of Representatives and one by the minority leader of the House of Representatives. Each member appointed by the Governor shall serve at the pleasure of the Governor but no longer than the term of office of the Governor or until the member's successor is appointed and qualified, whichever is longer. Each member appointed by a member of the General Assembly shall serve in accordance with the provisions of section 4-1a. A director shall be eligible for reappointment. The Governor shall fill any vacancy for the unexpired term of a member appointed by the Governor. The appropriate legislative appointing authority shall fill any vacancy for the unexpired term of a member appointed by such authority.

Sec. 5. Section 32-41w of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

(a) There is established an early-stage venture capital program to be administered by Connecticut Innovations, Incorporated, to provide preseed financing, seed financing, start-up financing, early or first-stage financing and expansion financing to companies in the state [and to provide matching funds for the federal small business innovation research program, as defined in subdivision \(4\) of section 32-344.](#)

(b) In support of the program established in subsection (a) of this section, the corporation [and the Small Business Innovation Research Office, established pursuant to subdivision \(42\) of section 32-39, as amended by this act,](#) shall establish criteria for awarding such financing and shall develop and implement a plan to market the program.

(c) The board of the corporation shall review and approve each application for such financing.

(d) Funds provided for this section shall be allocated as follows: (1) Not less than five per cent for preseed financing; (2) not less than ten per cent for seed financing; (3) not less than ten per cent for start-up financing; (4) not less than fifteen per cent for early or first stage financing; ~~[and]~~ (5) not less than ~~[forty]~~ thirty per cent and not more than ~~[sixty]~~ fifty per cent on expansion financing, as such terms are defined in section 32-34; and (6) not less than ten per cent on matching grants of fifty per cent not to exceed fifty thousand dollars per grant, for the small business innovation research program. The corporation shall use not more than three per cent of such funds for administration and marketing of such financial aid.

(e) The corporation shall adopt procedures, pursuant to section 1-121, to implement the provisions of this section.

Sec. 6. Section 32-39 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

The purposes of the corporation shall be to stimulate and encourage the research and development of new technologies, businesses and products, to encourage the creation and transfer of new technologies, to assist existing businesses in adopting current and innovative technological processes, to stimulate and provide services to industry that will advance the adoption and utilization of technology, to achieve improvements in the quality of products and services, to stimulate and encourage the development and operation of new and existing science parks and incubator facilities, and to promote science, engineering, mathematics and other disciplines that are essential to the development and application of technology within Connecticut by the infusion of financial aid for research, invention and innovation in situations in which such financial aid would not otherwise be reasonably available from commercial or other sources, and for these purposes the corporation shall have the following powers:

(1) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the regulation of its affairs and conduct of its businesses as provided in section 32-36;

(2) To enter into venture agreements with persons, upon such terms and on such conditions as are consistent with the purposes of this chapter, for the advancement of financial aid to such persons for the research, development and application of specific technologies, products, procedures, services and techniques, to be developed and produced in this state, and to condition such agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in this state and shall accrue to it;

(3) To solicit, receive and accept aid, grants or contributions from any source of money, property or labor or other things of value, to be held, used and applied to carry out the purposes of this chapter, subject to the conditions upon which such grants and contributions may be made, including but not limited to, gifts or grants from any department or agency of the United States or the state;

(4) To invest in, acquire, lease, purchase, own, manage, hold and dispose of real property and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to the carrying out of these purposes; provided, however, that all such acquisitions of real property for the corporation's own use with amounts appropriated by the state to the corporation or with the proceeds of bonds supported by the full faith and credit of the state shall be subject to the approval of the Secretary of the Office of Policy and Management and the provisions of section 4b-23;

(5) To borrow money or to guarantee a return to the investors in or lenders to any capital initiative, to the extent permitted under this chapter;

(6) To hold patents, copyrights, trademarks, marketing rights, licenses, or any other evidences of protection or exclusivity as to any products as defined herein, issued under the laws of the United States or any state or any nation;

(7) To employ such assistants, agents and other employees as may be necessary or desirable, which employees shall be exempt from the classified service and shall not be employees, as defined in subsection (b) of section 5-270; establish all necessary or appropriate personnel practices and policies, including those relating to hiring, promotion, compensation, retirement and collective bargaining, which need not be in accordance with chapter 68, and the corporation shall not be an employer as defined in subsection (a) of section 5-270; and engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with this chapter;

(8) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this chapter;

(9) To sue and be sued, plead and be impleaded, adopt a seal and alter the same at pleasure;

(10) With the approval of the State Treasurer, to invest any funds not needed for immediate use or disbursement, including any funds held in reserve, in obligations issued or guaranteed by the United States of America or the state of Connecticut and in other obligations which are legal investments for retirement funds in this state;

- (11) To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;
- (12) To the extent permitted under its contract with other persons, to consent to any termination, modification, forgiveness or other change of any term of any contractual right, payment, royalty, contract or agreement of any kind to which the corporation is a party;
- (13) To do anything necessary and convenient to render the bonds to be issued under section 32-41 more marketable;
- (14) To acquire, lease, purchase, own, manage, hold and dispose of personal property, and lease, convey or deal in or enter into agreements with respect to such property on any terms necessary or incidental to the carrying out of these purposes;
- (15) In connection with any application for assistance under this chapter, or commitments therefor, to make and collect such fees as the corporation shall determine to be reasonable;
- (16) To enter into venture agreements with persons, upon such terms and conditions as are consistent with the purposes of this chapter to provide financial aid to such persons for the marketing of new and innovative services based on the use of a specific technology, product, device, technique, service or process;
- (17) To enter into limited partnerships or other contractual arrangements with private and public sector entities as the corporation deems necessary to provide financial aid which shall be used to make investments of seed venture capital in companies based in or relocating to the state in a manner which shall foster additional capital investment, the establishment of new businesses, the creation of new jobs and additional commercially-oriented research and development activity. The repayment of such financial aid shall be structured in such manner as the corporation deems will best encourage private sector participation in such limited partnerships or other arrangements. The board of directors, executive director, officers and staff of the corporation may serve as members of any advisory or other board which may be established to carry out the purposes of this subdivision;
- (18) To account for and audit funds of the corporation and funds of any recipients of financial aid from the corporation;
- (19) To advise the Governor, the General Assembly, the Commissioner of Economic and Community Development and the Commissioner of Higher Education on matters relating to science, engineering and technology which may have an impact on state policies, programs, employers and residents, and on job creation and retention;

- (20) To promote technology-based development in the state;
- (21) To encourage and promote the establishment of and, within available resources, to provide financial aid to advanced technology centers;
- (22) To maintain an inventory of data and information concerning state and federal programs which are related to the purposes of this chapter and to serve as a clearinghouse and referral service for such data and information;
- (23) To conduct and encourage research and studies relating to technological development;
- (24) To provide technical or other assistance and, within available resources, to provide financial aid to the Connecticut Academy of Science and Engineering, Incorporated, in order to further the purposes of this chapter;
- (25) To recommend a science and technology agenda for the state that will promote the formation of public and private partnerships for the purpose of stimulating research, new business formation and growth and job creation;
- (26) To encourage and provide technical assistance and, within available resources, to provide financial aid to existing manufacturers and other businesses in the process of adopting innovative technology and new state-of-the-art processes and techniques;
- (27) To recommend state goals for technological development and to establish policies and strategies for developing and assisting technology-based companies and for attracting such companies to the state;
- (28) To promote and encourage and, within available resources, to provide financial aid for the establishment, maintenance and operation of incubator facilities;
- (29) To promote and encourage the coordination of public and private resources and activities within the state in order to assist technology-based entrepreneurs and business enterprises;
- (30) To provide services to industry that will stimulate and advance the adoption and utilization of technology and achieve improvements in the quality of products and services;
- (31) To promote science, engineering, mathematics and other disciplines that are essential to the development and application of technology;
- (32) To coordinate its efforts with existing business outreach centers, as described in section 32-9qq;

(33) To develop a marketing campaign that promotes the state as a place of innovation;

[(33)] (34) To do all acts and things necessary and convenient to carry out the purposes of this chapter;

[(34)] (35) To accept from the department: (A) Financial assistance, (B) revenues or the right to receive revenues with respect to any program under the supervision of the department, and (C) loan assets or equity interests in connection with any program under the supervision of the department; to make advances to and reimburse the department for any expenses incurred or to be incurred by it in the delivery of such assistance, revenues, rights, assets, or interests; to enter into agreements for the delivery of services by the corporation, in consultation with the department, the Connecticut Housing Finance Authority and the Connecticut Development Authority, to third parties which agreements may include provisions for payment by the department to the corporation for the delivery of such services; and to enter into agreements with the department or with the Connecticut Development Authority or Connecticut Housing Finance Authority for the sharing of assistants, agents and other consultants, professionals and employees, and facilities and other real and personal property used in the conduct of the corporation's affairs;

[(35)] (36) To transfer to the department: (A) Financial assistance, (B) revenues or the right to receive revenues with respect to any program under the supervision of the corporation, and (C) loan assets or equity interests in connection with any program under the supervision of the corporation, provided the transfer of such financial assistance, revenues, rights, assets or interests is determined by the corporation to be practicable, within the constraints and not inconsistent with the fiduciary obligations of the corporation imposed upon or established upon the corporation by any provision of the general statutes, the corporation's bond resolutions or any other agreement or contract of the corporation and to have no adverse effect on the tax-exempt status of any bonds of the state;

[(36)] (37) With respect to any capital initiative, to create, with one or more persons, one or more affiliates and to provide, directly or indirectly, for the contribution of capital to any such affiliate, each such affiliate being expressly authorized to exercise on such affiliate's own behalf all powers which the corporation may exercise under this section, in addition to such other powers provided to it by law;

[(37)] (38) To provide financial aid to enable biotechnology and other technology companies to lease, acquire, construct, maintain, repair, replace or otherwise obtain and maintain production, testing, research, development, manufacturing, laboratory and related and other facilities, improvements and equipment;

[(38)] (39) To provide financial aid to persons developing smart buildings, as defined in section 32-23d, incubator facilities or other information technology intensive office and laboratory space;

[(39)] (40) To administer the Renewable Energy Investment Fund established pursuant to section 16-245n;

[(40)] (41) To provide financial aid to persons developing or constructing the basic buildings, facilities or installations needed for the functioning of the media and motion picture industry in this state;

[(41)] (42) To coordinate the development and implementation of strategies regarding technology-based talent and innovation among state and quasi-public agencies, including the creation and administration of the Connecticut Small Business Innovation Research Office to act as a centralized clearinghouse and provide technical assistance to applicants in developing small business innovation research programs in conformity with the federal program established pursuant to the Small Business Research and Development Enhancement Act of 1992, P.L. 102-564, as amended, and other proposals.

Sec. 7. Subsection (h) of section 32-35 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

(h) The corporation shall provide funding for the operation of the Connecticut Small Business Innovation Research Office in accordance with subdivision [(41)] (42) of section 32-39, [as amended by this act](#).

Sec. 8. Section 32-1c of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) In addition to any other powers, duties and responsibilities provided for in this chapter, chapter 131, chapter 579 and section 4-8 and subsection (a) of section 10-409, the commissioner shall have the following powers, duties and responsibilities: (1) To administer and direct the operations of the Department of Economic and Community Development; (2) to report annually to the Governor, as provided in section 4-60; (3) to conduct and administer the research and planning functions necessary to carry out the purposes of said chapters and sections; (4) to encourage and promote the development of industry and business in the state and to investigate, study and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Connecticut business, industry and commerce, within and outside the state; (5) to serve, ex officio as a director on the board of Connecticut Innovations, Incorporated; (6) to serve as a member of the [Connecticut Energy Advisory Board, the Energy Conservation Management Board and the Committee of Concern for Connecticut Jobs](#); (7) to promote and encourage the location

and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose to cooperate with state and local agencies and individuals both within and outside the state; (8) to plan and conduct a program of information and publicity designed to attract tourists, visitors and other interested persons from outside the state to this state and also to encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state for the same purposes; (9) to advise and cooperate with municipalities, persons and local planning agencies within the state for the purpose of promoting coordination between the state and such municipalities as to plans and development; (10) [to assign adequate staff to provide technical assistance to businesses in the state in exporting, manufacturing and cluster-based initiatives and to provide guidance and advice on regulatory matters;](#) (11) to provide all necessary staff, services, accounting and office space and equipment required by the Connecticut Development Authority subject to the provisions of section 4b-23, where real estate acquisitions are involved; ~~[(11)]~~ [\(12\)](#) to aid minority businesses in their development; ~~[(12)]~~ [\(13\)](#) to appoint such assistants, experts, technicians and clerical staff, subject to the provisions of chapter 67, as are necessary to carry out the purposes of said chapters and sections; ~~[(13)]~~ [\(14\)](#) to employ other consultants and assistants on a contract or other basis for rendering financial, technical or other assistance and advice; ~~[(14)]~~ [\(15\)](#) to acquire or lease facilities located outside the state subject to the provisions of section 4b-23; ~~[(15)]~~ [\(16\)](#) to advise and inform municipal officials concerning economic development and collect and disseminate information pertaining thereto, including information about federal, state and private assistance programs and services pertaining thereto; ~~[(16)]~~ [\(17\)](#) to inquire into the utilization of state government resources and coordinate federal and state activities for assistance in and solution of problems of economic development and to inform and advise the Governor about and propose legislation concerning such problems; ~~[(17)]~~ [\(18\)](#) to conduct, encourage and maintain research and studies relating to industrial and commercial development; ~~[(18)]~~ [\(19\)](#) to prepare and review model ordinances and charters relating to these areas; ~~[(19)]~~ [\(20\)](#) to maintain an inventory of data and information and act as a clearinghouse and referral agency for information on state and federal programs and services relative to the purpose set forth herein. The inventory shall include information on all federal programs of financial assistance for defense conversion projects and other projects consistent with a defense conversion strategy and shall identify businesses which would be eligible for such assistance and provide notification to such business of such programs; ~~[(20)]~~ [\(21\)](#) to conduct, encourage and maintain research and studies and advise municipal officials about forms of cooperation between public and private agencies designed to advance economic development; ~~[(21)]~~ [\(22\)](#) to promote and assist the formation of municipal and other agencies appropriate to the purposes of this chapter; ~~[(22)]~~ [\(23\)](#) to require notice of the submission of all applications by municipalities and any agency thereof for federal and state financial assistance for economic development programs as relate to the purposes of this chapter; ~~[(23)]~~ [\(24\)](#) with the approval of the Commissioner of Administrative Services, to reimburse any

employee of the department, including the commissioner, for reasonable business expenses, including but not limited to, mileage, travel, lodging, and entertainment of business prospects and other persons to the extent necessary or advisable to carry out the purposes of subdivisions (4), (7), (8) and (11) of this subsection and other provisions of this chapter; ~~[(24)]~~ ~~(25)~~ to assist in resolving solid waste management issues; ~~[(25)]~~ ~~(26)~~ (A) to serve as an information clearinghouse for various public and private programs available to assist businesses, (B) to identify specific micro businesses, as defined in section 32-344, whose growth and success could benefit from state or private assistance and contact such small businesses in order to (i) identify their needs, (ii) provide information about public and private programs for meeting such needs, including, but not limited to, technical assistance, job training and financial assistance, and (iii) arrange for the provision of such assistance to such businesses; ~~[and (26)]~~ ~~(27)~~ to enhance and promote the digital media and motion picture industries in the state; ~~(28)~~ to develop a marketing campaign that promotes Connecticut as a place of innovation; and (29) to execute the steps necessary to implement the knowledge corridor agreement with Massachusetts to promote the biomedical device industry.

(b) The Commissioner of Economic and Community Development may make available technical and financial assistance and advisory services to any appropriate agency, authority or commission for planning and other functions pertinent to economic development provided any financial assistance to a regional planning agency or a regional council of elected officials shall have the prior approval of the Secretary of the Office of Policy and Management or his designee. Financial assistance shall be rendered upon such contractual arrangements as may be agreed upon by the commissioner and any such agency, authority or commission in accordance with their respective needs, and the commissioner may determine the qualifications of personnel or consultants to be engaged for such assistance.

(c) The Commissioner of Economic and Community Development ~~[is authorized to]~~ shall do all things necessary to apply for, qualify for and accept any federal funds made available or allotted under any federal act for planning or any other projects, programs or activities which may be established by federal law, for any of the purposes, or activities related thereto, of the Department of Economic and Community Development and said Commissioner of Economic and Community Development shall administer any such funds allotted to the department in accordance with federal law. The commissioner may enter into contracts with the federal government concerning the use and repayment of such funds under any such federal act, the prosecution of the work under any such contract and the establishment of any disbursement from a separate account in which federal and state funds estimated to be required for plan preparation or other eligible activities under such federal act shall be kept. Said account shall not be a part of the General Fund of the state or any subdivision of the state. The commissioner shall report on activities to apply for, qualify for and accept funds under this subsection in its annual report submitted pursuant to section 32-1m.

(d) The powers and duties enumerated in this section shall be in addition to and shall not limit any other powers or duties of the Commissioner of Economic and Community Development contained in any other law.

Sec. 9. Section 32-222 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

As used in sections 32-220 to 32-234, inclusive: (a) "Business development project" means a project undertaken by an eligible applicant involving one or more of the following:

- (1) The construction, substantial renovation, improvement or expansion of a facility;
- (2) The acquisition of new machinery and equipment;
- (3) The acquisition, improvement, demolition, cultivation or disposition of real property, or combinations thereof, or the remediation of contaminated real property;
- (4) The creation at a facility, within twenty-four months of the initiation of a hiring program, not less than ten new jobs or an increase in the number of persons employed at the facility of twenty per cent, whichever is greater;
- (5) Economic diversification of the economy of an area of the state or manufacturing or other economic base business where such area or business is substantially reliant upon defense and related industry;
- (6) Participation in the avoidance of an imminent plant closing or relocation by a manufacturing or other economic base business or assist or improve the economy of an area of the state which has been or is likely to be significantly and adversely impacted by one or more major plant closings or relocations;
- (7) Support research and development or commercialization of technologies, products, processes or techniques of a manufacturing or other economic base business;
- (8) Creation or support of organizations [and activities specifically leveraging federal resources](#) that provide technical and engineering assistance to small manufacturers or other economic base businesses to assist them with the design, testing, manufacture and marketing of new products, [the exporting of state products and services](#), and the instruction and implementation of new techniques and technologies;
- (9) Support of substantial workforce development efforts;
- (10) Promotion of community conservation or development or improvement of the quality of life for urban residents of the state; **[or]**

(11) Promotion of the revitalization of underutilized, state-owned former railroad depots and areas adjacent to such depots; [or](#)

[\(12\) Promotion of export activities, including sponsorship of programs that support exportation, assistance to companies in accessing federal Department of Commerce services, and provision of marketing materials and web site improvements for exporters;](#)

(b) "Business support services" means activities related to a municipal development project or business development project which support the economic competitiveness of manufacturing [or exporting](#) or economic base businesses or which further the interests of the state, including, but not limited to, facilities and services related to day care, job training, education, transportation, employee housing, energy conservation, pollution control and recycling, provided activities related to employee housing shall be limited to feasibility and implementation studies;

(c) "Commissioner" means the Commissioner of Economic and Community Development;

(d) "Economic base business" means a business that the commissioner determines will materially contribute to the economy of the state by creating or retaining jobs, exporting products or services beyond the state's boundaries, encouraging innovation in products or services, adding value to products or services or otherwise supporting or enhancing existing activities important to the economy of the state;

(e) "Economic cluster" means an economic cluster, as defined in section 32-4e, recognized by the commissioner;

(f) "Department" means the Department of Economic and Community Development;

(g) "Development plan" means a plan for a municipal development project prepared in accordance with the provisions of subsection (b) of section 32-223;

(h) "Eligible applicant" means any for-profit or nonprofit organization, or any combination thereof, any municipality, regional planning agency or any combination thereof and further provided, in the case of a loan made by the Connecticut Development Authority in which the department purchases a participation interest, "eligible applicant" means the for-profit or nonprofit organization, or any combination thereof, that will receive the proceeds of such loan;

(i) "Financial assistance" means grants, funds for the purchase of insurance policies and payment of deductibles for insurance policies to cover remediation costs, extensions of credit, loans or loan guarantees, participation interests in loans made to eligible applicants by the Connecticut Development Authority or combinations thereof;

(j) "For-profit organization" means a for-profit partnership or sole proprietorship or corporation or limited liability company which is an economic base business or has a North American Industrial Classification code of 311111 through 339999 or 493110, 493120, 493130, 493190, 511210, 512110, 512120, 512191, 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120, 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128, 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310, 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any business that is part of an economic cluster, or any establishment or auxiliary or operating unit thereof, as defined in the North American Industrial Classification System Manual, which has demonstrated to the satisfaction of the commissioner that it has the qualifications, including financial qualifications, necessary to carry out a business development project;

(k) "Implementing agency" means one of the following agencies designated by a municipality under section 32-223: (1) An economic development commission, redevelopment agency; sewer authority or sewer commission; public works commission; water authority or water commission; port authority or port commission or harbor authority or harbor commission; parking authority or parking commission; (2) a nonprofit development corporation; or (3) any other agency designated and authorized by a municipality to undertake a project and approved by the commissioner;

(l) "Municipal development project" means a business development project through which real property is acquired by a municipality or implementing agency as part of such project;

(m) "Municipality" means a town, city, consolidated town and city or consolidated town and borough;

(n) "Nonprofit organization" means a municipality or nonprofit corporation as defined in section 33-1002 and organized under the laws of this state and for purposes of this chapter includes any constituent unit of the state system of higher education;

(o) "Planning commission" means a planning and zoning commission designated pursuant to section 8-4a or a planning commission created pursuant to section 8-19;

(p) "Project" means a municipal development project or business development project;

(q) "Project area" means the area within which a municipal development project or business development project is located;

(r) "Real property" means land, buildings and other structures and improvements thereto, subterranean or subsurface right, any and all easements, air rights and franchises of any kind or nature;

(s) "Site and infrastructure improvements" means improvements to: (1) Sanitary sewer facilities; (2) natural gas pipes, electric, telephone and telecommunications conduits and other facilities and waterlines and water supply facilities, except for any such pipes, wires, conduits, waterlines or any such pipes, wires, conduits, waterlines or facilities which a public service company, as defined in section 16-1, water company, as defined in section 25-32a, or municipal utility is required to install pursuant to any provision of the general statutes or any special act, regulation or order of the Department of Public Utility Control or a certificate of public convenience and necessity; (3) storm drainage facilities, including facilities to control flooding; (4) site grading, landscaping, environmental improvements, including remediation of contaminated sites, parking facilities, roadways and related appurtenances; (5) railroad spurs; (6) public port or docking facilities; and (7) such other related improvements necessary or appropriate to carry out the project;

(t) "State" means the state of Connecticut;

(u) "Targeted investment community" means a municipality which contains an enterprise zone designated pursuant to section 32-70;

(v) "Total project cost" means costs of any kind or nature relating to the planning, implementation and completion of a municipal or business development project;

(w) "Legislative body" means (1) the board of selectmen in a town that does not have a charter, special act or home rule ordinance relating to its government, or (2) the council, board of aldermen, representative town meeting, board of selectmen or other elected legislative body described in a charter, special act or home rule ordinance relating to its government in a city, consolidated town and city, consolidated town and borough or a town having a charter, special act, consolidation ordinance or home rule ordinance relating to its government.

Sec. 10. Subdivision (3) of section 10-282 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

(3) "School building project", except as used in section 10-289, means (A) the construction, purchase, extension, replacement, renovation or major alteration of a building to be used for public school purposes, including the equipping and furnishing of any such construction, purchase, extension, replacement, renovation or major alteration, the improvement of land therefor, or the improvement of the site of an existing building for public school purposes, but shall not include the cost of a site, except as provided in subsection (b) of section 10-286d; (B) the construction and equipping and furnishing of any such construction of any building which the towns of Norwich, Winchester and Woodstock may provide by lease or otherwise for use by the Norwich Free Academy, Gilbert School and Woodstock Academy, respectively, in

furnishing education for public school pupils under the provisions of section 10-34; **[and]** (C) [the construction, purchase, extension, replacement, renovation or major alteration of a building to be used for public school purposes for which the primary purpose is energy efficiency improvements or upgrades that meet the standards imposed by section 16a-38k](#); and (D) the addition to, renovation of and equipping and furnishing of any such addition to or renovation of any building which may be leased, upon the approval of the Commissioner of Education, to any local or regional board of education for a term of twenty years or more for use by such local or regional board in furnishing education of public school pupils;

Sec. 11. Section 12-217ii of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011*):

(a) As used in this section:

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

(2) "Income year" means, with respect to entities subject to the insurance premiums tax under chapter 207, the corporation business tax under this chapter or the utilities company tax under chapter 212, the income year as determined under each of said chapters, as the case may be [or, with respect to affected business entities, the taxable year as determined under chapter 229](#);

(3) "Taxpayer" means a person subject to tax under chapter 207, this chapter or chapter 212, [or an affected business entity, as defined in section 12-284b subject to tax under chapter 229](#);

(4) "New job" means a full-time job which (A) did not exist in this state prior to a taxpayer's application to the commissioner for an eligibility certificate under this section for a job creation credit, and (B) is filled by a new employee;

(5) "New employee" means a Connecticut resident hired by the taxpayer to fill a new full-time job. A new employee does not include a person who was employed in Connecticut by a related person with respect to the taxpayer during the prior twelve months;

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

(7) "Related person" means (A) a corporation, limited liability company, partnership, association or trust controlled by the taxpayer, (B) an individual, corporation, limited

liability company, partnership, association or trust that is in control of the taxpayer, (C) a corporation, limited liability company, partnership, association or trust controlled by an individual, corporation, limited liability company, partnership, association or trust that is in control of the taxpayer, or (D) a member of the same controlled group as the taxpayer; and

(8) "Control", with respect to a corporation, means ownership, directly or indirectly, of stock possessing fifty per cent or more of the total combined voting power of all classes of the stock of such corporation entitled to vote. "Control", with respect to a trust, means ownership, directly or indirectly, of fifty per cent or more of the beneficial interest in the principal or income of such trust. The ownership of stock in a corporation, of a capital or profits interest in a partnership, limited liability company or association or of a beneficial interest in a trust shall be determined in accordance with the rules for constructive ownership of stock provided in Section 267(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, other than paragraph (3) of said Section 267(c).

(b) (1) There is established a jobs creation tax credit program whereby a taxpayer who creates **[at least ten]** a new **[jobs]** job in Connecticut may be allowed a credit against the tax imposed under chapter 207, this chapter, **[or]** chapter 212 or chapter 229, in an amount up to **[sixty per cent of the income tax deducted and withheld from the wages of new employees and paid over to the state pursuant to chapter 229]** fifteen per cent of the wages paid to a new employee, provided such new job provides the employee with wages greater than or equal to eighty per cent of the state median income and health care benefits.

(2) For each new employee, **[credits]** a maximum annual credit of four thousand dollars may be granted for **[five]** three successive years. Such credit shall be issued in installments over three years.

(3) The credit shall be claimed in the income year in which it is earned. Any credits not used in a tax year shall expire.

(c) (1) Any taxpayer planning to claim a credit under the provisions of this section shall apply to the commissioner in accordance with the provisions of this section. Credits shall be issued on a first-come, first-served basis. The application shall be on a form provided by the commissioner, and shall contain sufficient information **[concerning the number of new jobs to be created, feasibility studies or business plans for the increased number of jobs, projected state and local revenue that might derive as a result of the job growth and other information necessary to demonstrate that there will be net benefits to the economy of the municipality and the state]** to confirm that a job was created meeting the requirements in subdivision (1) of subsection (b) of this section, and a state

resident was hired. The commissioner [~~shall~~] may impose a fee for such application as the commissioner deems appropriate.

[(d) The commissioner shall determine whether (1) the taxpayer making the application is eligible for the tax credit, and (2) the proposed job growth (A) is economically viable only with use of the tax credit, (B) would provide a net benefit to economic development and employment opportunities in the state, and (C) conforms to the state plan of conservation and development prepared pursuant to section 16a-24. The commissioner may require the applicant to submit such additional information as may be necessary to evaluate the application.

(e) (1) The commissioner, upon consideration of the application and any additional information the commissioner requires, may approve the credit application, in whole or in part, if the commissioner concludes that the increase in the number of jobs is economically viable only with the use of the tax credit and that the revenue generated due to economic development and employment opportunities created in the state exceeds the credit and any other credits to be taken. If the commissioner disapproves an application, the commissioner shall specifically identify the defects in the application and specifically explain the reasons for the disapproval. The commissioner shall render a decision on an application not later than ninety days after the date of its receipt by the commissioner.]

(2) The total amount of credits granted to all taxpayers shall not exceed [~~ten~~] twenty-five million dollars in any one fiscal year.

(3) A credit under this section may be granted to a taxpayer for not more than [~~five~~] three successive income years.

(4) The commissioner may combine approval of a credit application with the exercise of any of the commissioner's other powers, including, but not limited to, the provision of other forms of financial assistance.

[(f)] (d) Upon approving a taxpayer's credit application, the commissioner shall issue a credit allocation notice certifying that the credits will be available to be claimed by the taxpayer if the taxpayer otherwise meets the requirements of this section. No later than thirty days after the close of the taxpayer's income year, the taxpayer shall provide information to the commissioner regarding (1) the number of new jobs created for the year and the [~~income tax deducted and withheld from the wages of such new employees and paid over to the state for such year~~] wages paid for each new job, and (2) confirmation that such new employees receive health benefits. The commissioner shall issue a certificate of eligibility that includes the taxpayer's name, the number of new jobs created, and the amount of the credit certified for the year. The certificate shall be

issued by the commissioner sixty days after the close of the taxpayer's income year or thirty days after the information is provided, whichever comes first.

~~[(g)]~~ ~~(e)~~ The commissioner shall, upon request, provide a copy of the certificate of eligibility issued under subsection ~~[(f)]~~ ~~(d)~~ of this section to the Commissioner of Revenue Services.

~~[(h)]~~ ~~(f)~~ (1) If (A) the number of new employees on account of which a taxpayer claimed the credit allowed by this section decreases to less than the number for which the commissioner issued an eligibility certificate during any of the four years succeeding the first full income year following the issuance of an eligibility certificate, and (B) those employees are not replaced by other employees who have not been shifted from an existing location of the taxpayer or a related person in this state, the taxpayer shall be required to recapture a percentage of the credit allowed under this section on its tax return, as determined under the provisions of subdivision (2) of this subsection. The commissioner shall provide notice of the required recapture amount to both the taxpayer and the Commissioner of Revenue Services.

(2) If the taxpayer is required under the provisions of subdivision (1) of this subsection to recapture a portion of the credit during (A) the first of such four years, then ninety per cent of the credit allowed shall be recaptured on the tax return required to be filed for such year, (B) the second of such four years, then sixty-five per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, (C) the third of such four years, then fifty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year, and (D) the fourth of such four years, then thirty per cent of the credit allowed for the entire period of eligibility shall be recaptured on the tax return required to be filed for such year.

~~(g) No taxpayer claiming the tax credit under this section with respect to a new job or new employee may claim any credit against any tax under any other provision of the general statutes with respect to the same new job or new employee.~~

Sec. 12. (NEW) (*Effective July 1, 2010*) (a) As used in this section:

(1) "Allocation date" means the date an insurance reinvestment fund receives an investment of eligible capital equaling the amount of credits against the tax imposed under section 38a-743 of the general statutes allocated to taxpayers who invest in such insurance reinvestment fund;

(2) "Eligible business" means a business that has its principal business operations in Connecticut;

(3) "Eligible capital" means an investment of cash by a taxpayer in an insurance reinvestment fund that fully funds the purchase price of an equity interest in the insurance reinvestment fund or an eligible debt instrument issued by an insurance reinvestment fund, at par value or a premium, that (A) has an original maturity date of at least five years after the date of issuance, (B) has a repayment schedule that is not faster than a level principal amortization over five years, and (C) has no interest, distribution or payment features tied to the insurance reinvestment fund's profitability or the success of the investments;

(4) "Green technology business" means an eligible business with no less than twenty-five per cent employment positions classified as green jobs as identified by the Department of Economic and Community Development and the Labor Department pursuant to Connecticut Executive Order Number 23 of February 2, 2009;

(5) "Income year" means the income year as determined in chapter 207 of the general statutes for the taxpayer;

(6) "Insurance reinvestment fund" means a Connecticut partnership, corporation, trust or limited liability company, whether organized on a profit or not-for-profit basis, that (A) is managed by at least two principals or persons that have at least four years of experience each in managing venture capital or private equity funds, with at least fifty million dollars of such funds from people unaffiliated with the manager, and (B) has received an equity investment of capital other than eligible capital equal to no less than five per cent of the total amount of cash invested in such insurance reinvestment fund; and

(7) "Principal business operations" means at least eighty per cent of the business organization's employees reside in the state or eighty per cent of the business payroll is paid to individuals living in this state.

(b) A taxpayer that makes an investment of eligible capital shall, in the year of investment, earn a vested credit against the premium tax paid pursuant to section 38a-743 of the general statutes. Such credit shall be available as follows: (1) Commencing with the tax return due for the tax years from 2013 to 2016, inclusive, tax years, no more than ten per cent; and (2) commencing with the tax return due for the tax years from 2017 to 2019, inclusive, tax years, no more than twenty per cent. Any taxpayer claiming a credit against the tax imposed by section 38a-743 of the general statutes pursuant to this subsection shall not be required to pay any additional retaliatory tax under chapter 207 of the general statutes as a result of claiming the credit. The maximum amount of credits allowed under this subsection shall be forty million dollars per year.

(c) (1) On or before July 1, 2010, the Commissioner of Economic and Community Development shall begin to accept applications for certification as an insurance

reinvestment fund. Applications shall include: (A) The amount of eligible capital the applicant will raise; (B) a nonrefundable application fee of seven thousand five hundred dollars; (C) evidence of satisfaction of the requirements of the definition of "insurance reinvestment fund" pursuant to subsection (a) of this section; (D) an affidavit by each taxpayer committing an investment of eligible capital; (E) a business plan detailing (i) the percentage of eligible capital that the applicant will invest in eligible businesses by the third, fifth, seventh and ninth anniversaries of its allocation date, (ii) the industry segments listed by SIC code and percentage of eligible capital in which that applicant will invest, (iii) the number of jobs that will be created or retained as a result of the applicants investments, and (iv) the percentage of eligible capital to be invested in eligible businesses primarily engaged in conducting research and development or manufacturing, processing or assembling technology-based products; (F) a revenue impact assessment demonstrating that the applicant's business plan has a revenue neutral or positive impact on the state; and (G) a commitment to invest at least twenty-five per cent of its eligible capital in green technology businesses.

(2) Applications for tax credits accepted pursuant to this subsection shall be accepted and approved on a first-come, first-served basis with all applications received on the same date deemed to be received simultaneously and approvals being made on a pro rata basis if such applications exceed the amount of remaining credits.

(3) If an insurance reinvestment fund does not receive an investment of eligible capital equaling the amount of credits against the tax imposed under section 38a-743 of the general statutes allocated to a taxpayer for which it filed an affidavit with its application prior to the fifth business day after receipt of certification, the company shall notify the commissioner by overnight common carrier delivery service and that portion of eligible capital allocated to the insurance company shall be forfeited. Such insurance reinvestment fund and forfeiting a taxpayer shall each be assessed a twenty-five thousand dollar administrative penalty. The commissioner shall reallocate the forfeited eligible capital among all other remaining taxpayers that invested eligible capital.

(d) To continue to be certified, an insurance reinvestment fund shall (1) be in compliance with the investment parameters set forth in its business plan; (2) have invested seventy per cent of its eligible capital in eligible businesses by the fourth anniversary of its allocation date; and (3) have invested one hundred per cent of its eligible capital in eligible businesses by the tenth anniversary of its allocation date, with a minimum of twenty-five per cent of eligible capital invested in green technology businesses. An insurance reinvestment fund shall only invest eligible capital in eligible businesses, bank deposits, certificates of deposit and other fixed-income securities and may not invest more than fifteen per cent of its eligible capital in any one eligible business without prior approval of the commissioner.

(e) On or before January thirty-first of each year, each insurance reinvestment fund shall report to the commissioner (1) the amount of eligible capital remaining at the end of the preceding year; (2) each investment in an eligible business during the preceding year and, with respect to each eligible business, its location and SIC code; (3) the percentage of eligible capital invested in green technology businesses; and (4) distributions made by the insurance reinvestment fund in the preceding year. In the annual report due in the fifth, seventh and ninth years after its allocation date, each insurance reinvestment fund shall also report to the commissioner its compliance with the investment parameters set forth in its business plan. In the annual report due in the twelfth year after its allocation date, each insurance reinvestment fund shall also report to the commissioner the number of jobs created or retained as a result of its investments in eligible businesses. Each insurance reinvestment fund shall provide to the commissioner annual audited financial statements.

(f) To make a distribution or payment, an insurance reinvestment fund shall have invested one hundred per cent of its eligible capital in eligible businesses with a minimum of twenty-five per cent of eligible capital invested in green technology businesses, with principal business operations in this state at the time of such determination, except (1) distributions related to the payment of any projected increase in federal or state taxes, including penalties and interest related to state and federal income taxes, of the equity owners of the insurance reinvestment fund resulting from the earnings or other tax liability of the insurance reinvestment fund to the extent that the increase is related to the ownership, management or operation of the insurance reinvestment fund; (2) payments of interest and principal on the debt of the insurance reinvestment fund; or (3) payments related to the reasonable costs and expenses of forming, syndicating, managing and operating the company, provided the distribution or payment is not made directly or indirectly to a taxpayer that invested eligible capital, including (A) reasonable and necessary fees paid for professional services, including legal and accounting services, related to the formation and operation of the insurance reinvestment fund, and (B) an annual management fee in an amount not exceeding two and one-half per cent of the eligible capital of an insurance reinvestment fund. The state shall receive a share of any distribution, except as set forth in subdivisions (1), (2) and (3) of this subsection, in the following percentages: (i) Ten per cent when less than eighty per cent but more than sixty per cent of the jobs set forth in the insurance reinvestment fund's business plan are created or retained, and (ii) twenty per cent when sixty per cent or less of the jobs set forth in the insurance reinvestment fund's business plan are created or retained.

(g) The commissioner shall review each annual report to ensure compliance with subsections (d), (e) and (f) of this section. A material variation of subsections (d), (e) and (f) of this section is grounds for decertification of the insurance reinvestment fund. If the commissioner determines that an insurance reinvestment fund is not in compliance with subsection (d), (e) or (f) of this section or the investment parameters of its business

plan, the commissioner shall notify the officers of the company, in writing, that the insurance reinvestment fund may be subject to decertification after the one-hundred-twentieth day after the date of mailing the notice, unless the deficiencies are waived by the commissioner or are corrected and the insurance reinvestment fund returns to compliance with those subsections.

(h) Decertification of an insurance reinvestment fund shall cause the forfeiture of future credits against the tax imposed by section 38a-743 of the general statutes to be claimed with respect to an insurance reinvestment fund when (1) such decertification occurs on or before the fourth anniversary of the fund's allocation date, and (2) such fund has invested less than seventy per cent of its eligible capital in eligible businesses by said anniversary. The commissioner shall send written notice to the last-known address of each taxpayer whose credit against the tax imposed by section 38a-743 of the general statutes is subject to recapture or forfeiture.

(i) The commissioner shall adopt regulations in accordance with the provisions of chapter 54 of the general statutes to facilitate the transfer of credits pursuant to this section by taxpayers that invested eligible capital among affiliates. A taxpayer may transfer credits pursuant to this section only in compliance with the regulations adopted pursuant to this section.

Sec. 13. Subsection (j) of section 38a-88a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income or taxable years, as applicable, commencing on or after January 1, 2010*):

(j) The tax credit allowed by this section shall only be available for investments in funds that are not open to additional investments or investors beyond the amount subscribed at the formation of the fund. No credits shall be allowed under this section for investments in any fund created on or after July 1, 2000. ~~[No]~~ On and after January 1, 2010, no credit shall be allowed under this section for investments made in an insurance business through ~~[such fund after December 31, 2015]~~ any fund, regardless of the date on which the fund was created.

Sec. 14. (NEW) (*Effective July 1, 2010*) (a) There is established a task force to study ways in which state agencies and departments can reduce or eliminate duplicative procedures and the amount of paper used and how, when practicable, technology can be employed to help in such reduction or elimination.

(b) The task force shall consist of eleven members, including the Commissioners of Administrative Services and Information Technology and the Secretary of the Office of Policy and Management, or their designees, and eight members who shall be corporate executives, economists, information technology and any other representative interests deemed appropriate by the appointing authority: (1) Two members shall be appointed

by the speaker of the House of Representatives; (2) two members shall be appointed by the president pro tempore of the Senate; (3) one member shall be appointed by the majority leader of the House of Representatives; (4) one member shall be appointed by the majority leader of the Senate; (5) one member shall be appointed by the minority leader of the House of Representatives; and (6) one member shall be appointed by the minority leader of the Senate.

(c) All appointments of commission members shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(d) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the commission from among the members of the commission. Such chairpersons shall schedule the first meeting of the commission, which shall be held not later than sixty days after the effective date of this section.

(e) The members of the commission shall serve without compensation but shall be reimbursed for actual expenses incurred while engaged in the duties of the commission.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to commerce shall serve as administrative staff of the commission.

(g) Not later than February 1, 2011, the commission shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to commerce, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 15. Sections 10-228b, 12-217l, 12-217u and 12-217cc of the general statutes are repealed. (*Effective from passage and applicable to income years commencing on or after January 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	New section
Sec. 2	<i>July 1, 2010</i>	New section
Sec. 3	<i>July 1, 2010, and applicable to taxable years commencing on or after January 1, 2010</i>	New section
Sec. 4	<i>October 1, 2010</i>	32-35(b)

Sec. 5	<i>October 1, 2010</i>	32-41w
Sec. 6	<i>October 1, 2010</i>	32-39
Sec. 7	<i>October 1, 2010</i>	32-35(h)
Sec. 8	<i>July 1, 2010</i>	32-1c
Sec. 9	<i>July 1, 2010</i>	32-222
Sec. 10	<i>October 1, 2010</i>	10-282(3)
Sec. 11	<i>July 1, 2010, and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011</i>	12-217ii
Sec. 12	<i>July 1, 2010</i>	New section
Sec. 13	<i>July 1, 2010, and applicable to income or taxable years, as applicable, commencing on or after January 1, 2010</i>	38a-88a(j)
Sec. 14	<i>July 1, 2010</i>	New section
Sec. 15	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	Repealer section

Statement of Purpose:

To implement the recommendations of the Majority Leaders' Job Growth Roundtable.

[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.]