



Department of Economic and Community Development



LEGISLATIVE SUMMARY 2014

Dannel P. Malloy
Governor

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Commissioner

LEGEND

AAC	“An Act Concerning...”
CAA	“Connecticut Airport Authority”
CII	“Connecticut Innovations, Inc.”
Commissioner	Unless otherwise defined, is the Commissioner of DECD
CRDA	“Capitol Region Development Authority”
CTSB	“Connecticut Transportation Strategy Board”
DECD	the “Department of Economic and Community Development”
Department	“DECD”
DEEP	the “Department of Energy and Environmental Protection”
DOT	the “Department of Transportation”
DPH	the “Department of Public Health”
DSS	the “Department of Social Services”
DRS	the “Department of Revenue Services”
HB	“House Act”
JSS	“June Special Session”
LLC	“limited liability company”
MAA	the “Manufacturing Assistance Act”
MME	“Manufacturing Machinery and Equipment”
OHE	the “Office of Higher Education”
OPM	the “Office of Policy and Management”
OBRD	the “Office of Brownfield Remediation and Development”
OWC	the “Office of Workforce Competitiveness”
PA	“Public Act”
SA	“Special Act”
SB	“Senate Act”
SSS	“September Special Session”

Sources of Information

The following summaries have been compiled from the Office of Legislative Research and Office of Fiscal Analysis and tailored specifically for the Department of Economic and Community Development. Only Public Acts affecting, or of interest to, the Department are included in this summary.

Prepared by:
Department of Economic & Community Development
2014

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AN ACT CONCERNING THE MANUFACTURING REINVESTMENT ACCOUNT PROGRAM

SUMMARY: This act expands the tax break for eligible manufacturers that establish a Manufacturing Reinvestment Account (MRA) and withdraw funds for a range of qualifying purposes. It does so by exempting from corporation and personal income taxes 100%, rather than 50%, of any withdrawal from an MRA used for qualifying purposes.

The act also (1) reduces, from 100 to 50, the number of manufacturers that can participate in the MRA program and (2) increases, from 50 to 150, the maximum number of employees a manufacturer may have to be eligible for the program.

The MRA program is designed to help small manufacturers fund capital investments and train their workers. Under the program, an approved Connecticut manufacturer may establish an MRA in a Connecticut bank and deposit up to \$100,000 annually for up to five years. Taxes are deferred until funds are withdrawn, and participating manufacturers receive a tax break if they use the funds for qualifying purposes, such as purchasing equipment for in-state facilities, training employees, or expanding facilities. By law, manufacturers receive no tax break on (1) MRA withdrawals used for non-qualifying purposes or (2) the funds remaining in an MRA after the five-year period expires.

EFFECTIVE DATE: July 1, 2014, and applicable to income and taxable years starting on or after January 1, 2014.

AN ACT CONCERNING THE LIABILITIES OF APPLICANTS FOR STATE FINANCIAL ASSISTANCE

SUMMARY: This act requires the Department of Economic and Community Development and Connecticut Innovations, Inc., when determining whether to grant economic development financial assistance, to determine if the applicant or any of the applicant's principals is (1) being sued in civil court for a debt or (2) owes taxes to the state or a municipality. "Economic development financial assistance" means any grant, loan, loan guarantee, or urban and industrial sites reinvestment tax credits provided to a business for economic development purposes.

EFFECTIVE DATE: October 1, 2014

AN ACT CONCERNING THE INTEGRITY OF THE BUSINESS REGISTRY

SUMMARY: This act:

1. subjects various business entities that fail to file annual reports to the secretary of the state's administrative procedures to dissolve or terminate the entity or revoke its authority to do business in Connecticut;
2. makes changes regarding the notice of final action the secretary sends about dissolution, termination, or revocation of authority and authorizes a limited liability partnership (LLP) to seek reinstatement;

3. makes changes to the secretary's procedures to revoke the certificate of authority to conduct business in Connecticut for foreign stock and nonstock corporations;
4. eliminates a number of fees for business entities filing documents with the secretary to terminate their existence or cease doing business in Connecticut; and
5. requires various business entities to include their email addresses on certain documents filed with the secretary.

The act also makes minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2015, except the fee provisions are effective July 1, 2015.

FAILING TO FILE ANNUAL REPORTS

When various business entities fail to file their annual reports with the secretary, the act allows her to take administrative action to (1) dissolve or terminate a Connecticut business entity's existence or (2) revoke an out-of-state business entity's authority to conduct business in Connecticut. Table 1 lists these entities and when the secretary can take action based on an overdue annual report.

The law already gives the secretary authority to take these actions for a number of reasons, which vary based on the type of entity. For example, the secretary can dissolve a Connecticut stock corporation for failing to maintain a registered agent as required by law or when the agent cannot be found.

Table 1: When the Secretary Can Take Administrative Action Under the Act

Business Entity	Secretary Can At When Annual Report is:
Connecticut stock corporation	More than one year past due
Connecticut non-stock corporation	More than two years past due
Foreign stock corporation	Past its due date
Connecticut limited partnership (LP)	More than one year past due
Foreign LP	Past its due date
Connecticut limited liability company (LLC)	More than one year past due
Foreign LLC	Past its due date

The act subjects the secretary's new authority regarding failure to file annual reports to the existing procedures for dissolving or terminating an entity or revoking its authority to conduct business in Connecticut or creates similar procedures to do so. These procedures require the secretary to notify the business entity, generally give the entity three months to fix the deficiency (less for some entities), and require the secretary to file a certificate dissolving or terminating the entity or revoking its authority.

For two entities, the act changes when they are subject to these administrative actions. For a foreign non-stock corporation, the act allows the secretary to act when an annual report is past due, instead of when it is 60 days past due. For a Connecticut LLP, the act allows the secretary to act when the annual report is more than a year past due, instead of when it is more than three months past due.

Foreign Stock and Nonstock Corporations

By law, the secretary can revoke the certificate for these corporations if:

1. the corporation is 60 days past due on license fees, franchise taxes, or penalties;
2. the corporation does not have a registered agent or office in the state or does not inform the secretary of changes regarding its agent for at least 60 days;
3. an incorporator, director, officer, or agent signs a document for filing with the secretary knowing it is false in a material respect; or
4. the secretary receives an authenticated certificate from the corporation's state of incorporation indicating its dissolution or merger into another entity.

As described above, the act also allows the secretary to revoke a certificate for failing to file an annual report.

The act alters the procedures applicable to all of these revocations in the following ways.

1. Instead of serving written notice (which could be by a proper officer or other person lawfully empowered to do so, by registered or certified mail, return receipt requested), the act requires the secretary to send a notice by registered or certified mail to the corporation's principal office.
2. The act gives the corporation 90 days after mailing, rather than 60 days from service, as under prior law, to correct the problem.
3. After this period, instead of serving a copy of the revocation certificate, the act requires mailing a copy to the corporation's last known principal office address and posting a notice on the secretary's website for 60 days.

Public Act# 14-187

HB# 5049

AN ACT ELIMINATING UNNECESSARY GOVERNMENT REGULATION

SUMMARY: This act makes numerous changes to the Uniform Administrative Procedure Act (UAPA), which, among other things, governs the process for adopting state agency regulations. These changes affect (1) the eRegulations System (the electronic regulation compilation), (2) notices of proposed regulations, (3) the regulation-making record, (4) procedural requirements for approved regulations, and (5) required information concerning regulations not included in the eRegulations System. It allows the secretary of the state, within available appropriations, to publish a register of regulatory activity.

Under the UAPA, a regulation cannot be repealed without approval by the (1) attorney general for legal sufficiency and (2) Regulation Review Committee. The act, notwithstanding these provisions, repeals numerous state agency regulations. Additionally, the act repeals several statutory provisions that affect various state agencies.

EFFECTIVE DATE: Upon passage, except where noted below. Additionally, one technical change (§ 37) is effective October 1, 2014.

§ 54 – REPEALED REGULATIONS

Under the UAPA, a regulation cannot be repealed without approval by the (1) attorney general for legal sufficiency and (2) Regulation Review Committee. The act, notwithstanding these provisions, repeals numerous state agency regulations, as shown in Table 2. In some cases, not all regulations pertaining to a particular subject are repealed.

Table 2: Regulations Repealed

<i>Regulation Citation</i>	<i>Agency</i>	<i>Subject</i>
8-203-1 to 8-203-5	DECD	Purpose, definitions, description of DECD organization and procedures
10a-25g-1 to 10a-25g-17	DECD/BOR	High Technology Project and Program Grants, Cooperative Research and Development Grant Program, Collaborative High Technology Grants
32-9bb-1 to 32-9bb-6	DECD	Administration of and eligibility for dam repair loan funds
32-9hh-1 to 32-9hh-6	DECD	Child Care Facilities Loan Program
32-9nn-1 to 32-9nn-6	DECD	Loans to businesses impacted by road and bridge repair
32-55-1 to 32-55-6	DECD	Surety bond guarantee program for small contractors
32-72-1 to 32-72-5	DECD	Enterprise zone capital formation revolving loan fund
32-82-1 to 32-82-8	DECD	Small Contractors and Small Manufacturers Loan Program
32-90-1 to 32-90-3	DECD	Motion Picture Film Commission role, organization
32-116-1 to 32-116-6	DECD	Infrastructure Development Economic Assistance Program
32-130-1 to 32-130-5	DECD	Loan Incentives for Employment Fund
32-150-1a & 32-150-2a to 32-150-6	DECD	Employee ownership loans and interest rate subsidies
32-156-1 to 32-156-5	DECD	Northeast Connecticut Capital Assistance Fund
32-162-1 to 32-162-8	DECD	Exporters Revolving Loan Fund
32-317-1 to 32-317-9	DECD	Energy Conservation Loan Program

Public Act# 14-1

SB# 32

AN ACT CONCERNING WORKING FAMILIES' WAGES

SUMMARY: This act increases the state's minimum hourly wage from \$8.70 to (1) \$9.15 on January 1, 2015, (2) \$9.60 on January 1, 2016, and (3) \$10.10 on January 1, 2017. Prior law increased it to \$9.00 on January 1, 2015.

The act does not change the “tip credit” allowed by law. Thus, it will automatically increase the employer's share of minimum wages for (1) hotel and wait staff from \$5.69 to \$5.78 in 2015, \$6.07 in 2016, and \$6.38 in 2017 and (2) bartenders from \$7.34 to \$7.46 in 2015, \$7.82 in 2016, and \$8.23 in 2017.

The law also allows employers to pay learners, beginners, and people younger than age 18 at a rate equal to 85% of the minimum wage for their first 200 hours of employment. The act effectively increases the learner's wage from \$7.40 to \$7.78 in 2015, \$8.16 in 2016, and \$8.59 in 2017.

EFFECTIVE DATE: July 1, 2014

AN ACT CONCERNING THE CONNECTICUT AEROSPACE REINVESTMENT ACT

SUMMARY: This act allows large manufacturers to redeem unused corporation business tax credits earned for researching and developing (R&D) new products and production techniques. But, a manufacturer may not be able to use these and the other credits the law provides if they are, for example, worth more than the amount of taxes a manufacturer owes (see BACKGROUND).

Under the act, a manufacturer may redeem unused R&D credits if, among other things, it employs at least 15,000 people in Connecticut and undertakes a minimum \$100 million industrial reinvestment project (IRP), which may include one or more activities ranging from constructing plants to training employees. The redemption may be (1) an offset or refund for corporation business or sales and use taxes or (2) another form of compensation the Department of Economic and Community Development (DECD) commissioner chooses to provide.

The act specifies the process for redeeming the credits. A manufacturer must submit a proposed IRP to the commissioner for certification. If she certifies the IRP, the manufacturer and the commissioner must enter into a reinvestment contract that specifies how the state will redeem the credits and the terms and conditions under which it will do so. The commissioner's authority to enter into these contracts ends June 30, 2015.

The act also specifies how the commissioner must calculate annual redemption amounts, which are subject to various caps. During the redemption period, the manufacturer cannot earn new R&D credits or exchange unredeemed credits for cash, as existing law allows. The commissioner must (1) identify other methods for redeeming credits that help businesses grow and create or retain jobs in Connecticut and (2) if appropriate, propose authorizing legislation. The commissioner also must report on approved IRPs in her comprehensive annual report to the governor and legislature.

Lastly, the act makes many technical changes. **EFFECTIVE DATE:** Upon passage.

R&D TAX CREDITS

By law, manufacturers can earn tax credits against the corporation business tax for R&D expenditures that are deductible from federal business taxes. A statutory formula determines the maximum amount of credits the manufacturer may claim against its state corporation business taxes (see BACKGROUND). Other statutory provisions cap the amount the manufacturer may claim each year, but also allow it to carry forward and claim in subsequent tax years any unused credits (CGS § 12-217n). The act allows manufacturers to redeem these unused credits instead of carrying them forward and claiming them in subsequent years.

ELIGIBILITY*Eligible Manufacturers*

The DECD commissioner may redeem unused R&D tax credits earned by individual manufacturers or groups of manufacturers filing combined corporation business tax returns if they:

1. are in a federally defined industrial sector (sectors 31-33, as defined in the federal Office of Management and Budget's North American Industrial Classification System, 2012 edition);
2. employ at least 15,000 people in Connecticut;

3. spent at least \$200 million per year on federally tax deductible R&D in Connecticut during the five full income years immediately preceding the application for IRP certification (see below); and
4. accumulated at least \$400 million in unused R&D credits.

Eligible IRPs

The commissioner may redeem an eligible manufacturer's unused R&D credits if the manufacturer proposes to spend at least \$100 million in Connecticut on:

1. buildings, improvements, property, plants, and equipment (physical development);
2. design work, professional fees, surveys and site preparation, remediation and cleanup, demolition, moving and renovation expenses, and other activities directly related to the physical development activities;
3. personal property;
4. federally tax-deductible R&D; and
5. employee hiring and training.

The manufacturer must incur these IRP-eligible expenditures within five "exchange years," the period during which the manufacturer is eligible for credit redemption. The first year begins on the date specified in the reinvestment contract (see below) and ends on June 30, 2015. Each successive contract runs from July 1 to June 30. The commissioner must begin redeeming a manufacturer's unused credits in exchange for implementing an IRP no sooner than July 1, 2015.

IRP APPROVAL PROCESS

IRP Certification

Manufacturers seeking to redeem unused R&D credits must propose an IRP to the commissioner for certification as meeting the act's criteria. A manufacturer must request the certification on a form she accepts, providing the information she requires. At a minimum, the manufacturer must:

1. provide a detailed plan outlining the IRP,
2. indicate how long it will take to complete it,
3. estimate the IRP's costs, and
4. specify the amount of unused credits the taxpayer proposes for redemption.

The commissioner may require any additional information needed to evaluate the request. The revenue services commissioner must confirm the amount of unused credits the DECD commissioner approves for redemption.

Only the DECD commissioner may decide whether to certify a proposed IRP, and the manufacturer cannot construe this requirement as a waiver of the state's sovereign immunity or an authorization for the manufacturer to sue the state if the commissioner denies certification.

Reinvestment Contract

Content. The vehicle for redeeming the credits is the reinvestment contract between the DECD commissioner and the manufacturer. The contract, which the commissioner may execute after certifying the proposed IRP, must specify:

1. each IRP segment;
2. the timeframe for completing the IRP;
3. the total amount of eligible expenditures the manufacturer agrees to make to complete the IRP;
4. the base levels for calculating credit redemption payments for projects seeking over \$200 million in such payments (see below);

5. the amount of the credit redemption payment, determined by the act's formula;
6. the terms and conditions the manufacturer must satisfy to receive these payments, including information it must submit to the commissioner and provisions (a) giving her access to the relevant records and (b) allowing her to verify their accuracy;
7. a requirement that the manufacturer repay the redeemed credits if it fails to comply with the contract;
8. how the manufacturer must notify the commissioner about disputed claims under the contract; and
9. any other terms and conditions the commissioner chooses to impose.

The act exempts the contract from specific laws imposing requirements that are inconsistent with the contract's provisions. These requirements:

1. limit the extent to which credits can be used to reduce a business' tax liability,
2. specify how R&D credits must be calculated,
3. list the order in which credits earned for different purposes may be claimed,
4. limit the amount of economic development funds a project may receive based on its location, and
5. require legislative approval for such projects if the funding exceeds specified thresholds.

Resolving Disputes. If a manufacturer cannot resolve any claims under the contract, it may sue the state in Hartford Superior Court. The manufacturer must first notify the commissioner, as the contract requires. It must also bring the action within two years of this notice. The act reserves all legal defenses to the state except sovereign immunity.

CREDIT REDEMPTION

Redemption Forms

Manufacturers may redeem only those unused R&D credits they accumulated up to the end of the last income year before submitting an IRP for certification, and the commissioner may determine how and when they may redeem them. She may provide (1) corporation business or sales and use tax refunds or offsets or (2) grants, loans, or other forms of financial assistance. She must consult with the revenue services commissioner if she chooses to redeem the credits with tax refunds or offsets.

Credit Redemption Amount Caps

The act caps the amount of redemption the commissioner may provide. It caps the total amount of redemption available for all eligible manufacturers at \$400 million and further caps the amount available each year at (1) \$20 million per year during the first five years she redeems credits under a reinvestment contract and (2) \$33,334,000 per year for the nine subsequent payment years under that contract.

The act also caps the total amount of credits a manufacturer can redeem for undertaking a certified IRP at the total amount of eligible expenditures. The actual cap varies depending on the redemption amount. If that amount exceeds \$200 million (large IRPs), the redemption cap equals the total value of eligible IRP expenditures or \$375 million, whichever is less. If the redemption amount equals no more than \$50 million (small IRPs), the cap is the total value of eligible IRP expenditure or \$50 million, whichever is less.

The manufacturer cannot make any use of the credits the commissioner approves for redemption, but it may use those she did not approve for this purpose as the law allows.

The DECD commissioner must notify the revenue services commissioner about the value of the credits she approves for redemption under a reinvestment contract.

Calculating Actual Redemption Amount for Large IRPs

The method for calculating redemption amounts depends on the IRP’s size. For a large IRP or a segment of it (up to the \$375 million cap mentioned above), the redemption amount in each of the first five “payment years” equals a portion of the eligible expenditures incurred during each of those years. That portion is based on the level of the manufacturer’s annual activity in four areas—engineers employed in Connecticut, total Connecticut workforce, total Connecticut payroll, and total R&D and capital expenditures (excluding such expenditures made under the reinvestment contract).

The act assigns a maximum percentage weight to each of these areas, the total of which equals 100%. The act provides a schedule specifying activity levels for each area and a corresponding percentage weight. The manufacturer must select the level that matches its activity level for its most recently completed fiscal year prior to the year the commissioner certified the IRP (base level). The actual weight for each area depends on the degree to which the activity fell above or below the designated base level. The commissioner determines the redemption amount by totaling the actual weights for each area and multiplying the sum by the total eligible IRP expenditures.

The manufacturer must specify the base level for each area in the reinvestment contract and certify those levels within 120 days after entering into that contract. If the manufacturer certifies base levels that are different from those in the contract, the commissioner may adjust the weighting factors specified in the act, but the act does not specify how she must do so.

Table 1 shows the factors the commissioner must use to calculate the redemption amounts for a hypothetical IRP. It identifies the weighting factors, the maximum percentage weight for each factor, base level the manufacturer certified in the reinvestment contract, and range of weighting percentages for selected activity levels above and below that level.

Table 1: Weighting Factors for Calculating Hypothetical Large IRP Redemption Amount

Performance Factor Components	Performance Factors			
	Employment Level of Engineers in Connecticut	Overall Connecticut Employment Level	Connecticut Payroll Levels	R&D and Capital Expenditure Levels
Maximum Weighting Percentage	20%	30%	30%	20%
Performance Levels	4,350-5,000 engineers	12,450-14,400 employees	\$1.370 million - \$1.565 million payroll	\$680.0 million - \$810.0 million R&D and Capital Expenditures
Range of Activity Levels and Associated Weighting Percentages	Below 4,350: 0% 4,900 base level: 18% 5,000: 20%	Below 12,450: 0% 14,100 base level: 27% 14,400: 30%	Below \$1.370 million: 0% \$1.535 million base level: 27%	Below \$680.0 million: 0% \$790.0 million base level: 18% \$810.0 million: 20%

			\$1.565 million: 30%	
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As noted above, the commissioner determines the annual redemption amount by multiplying the eligible expenditure for a payment year by the sum of the percentages for each weighting factor. Table 2 shows how the commissioner would calculate the annual redemption amount for the hypothetical IRP.

Table 2: Calculating Redemption Amount for Hypothetical IRP

Step 1: Determine Annual Eligible IRP Expenditures: Given: Annual Eligible IRP Expenditures Equals \$50 million					
Step 2: Determine Total Annual Weighting Factors					
Variables	Weighting Factors				
	Employment Level of Engineers in Connecticut	Overall Connecticut Employment Level	Connecticut Payroll Levels	R&D and Capital Expenditure Levels	Total Actual Weight
Base Activity Level	4,900 engineers	14,100 employees	\$1,535 million	\$790.0 million	
Actual Activity Level	5,000 engineers	14,100 employees	\$1,535 million	\$810.0 million	
Actual Weight	20% (out of 20%)	27% (out of 30%)	27% (out of 30%)	20% (out of 20%)	94% (out of 100%)
Step 3: Determine Redemption Amount \$50 million (Annual IRP Eligible Expenditures) X 94% (Total of Weighting Factors) = \$47 million (Redemption Amount)					

Calculating Credit Exchange Payments for Small IRPs

The method for calculating redemption amounts for small IRPs is based on their R&D and capital expenditures components. The R&D component consists of (1) actual R&D expenditures and (2) the number of people the manufacturer retained to conduct R&D in Connecticut during that payment year.

Table 3 shows the required spending and employment retention levels for each component.

Table 3: Schedule for Calculating Redemption Amounts for Small IRPs

<i>Component</i>	<i>Minimum Requirement</i>	<i>Credit Exchange Payment Amount</i>
Capital Component	Over \$1 million per component	40% of the total expenditure for each component over \$1 million
R&D Component	Over \$10 million for all components and retain at least 100 employees in Connecticut	\$1 million per component

RESTRICTIONS ON EARNING NEW CREDITS OR EXCHANGING UNUSED CREDITS DURING EXCLUSION PERIOD

After the commissioner approves a manufacturer for credit redemption, the manufacturer cannot earn new R&D credits nor qualify for cash refunds for unused credits during the “exclusion period,” which must be specified in the reinvestment contract. This ban applies to the 20% incremental and rolling R&D credits (CGS §§ 12-217j and 12-217n, respectively) (see BACKGROUND). But the manufacturer may still claim any accumulated incremental R&D credits and any accumulated but unredeemed rolling R&D credits. The act does not stop the manufacturer from using other already approved credits or affect its eligibility for these credits.

LEGISLATIVE REPORT

The DECD commissioner must report on the credit redemption amounts in her comprehensive annual report to the governor and legislature. In doing so, she must include the number of projects she approved and reinvestment contracts she executed, status of each certified IRP, amount of credits redeemed, and performance levels the manufacturers achieved to obtain the payment amounts.

BACKGROUND

R&D Tax Credit

The law authorizes two types of R&D tax credits businesses may claim against the state’s corporation business tax. It authorizes a credit equal to 20% of the annual increase in R&D expenditures over the prior year (incremental R&D credit; CGS § 12-217j) and a credit based on a manufacturer’s size, location, and total annual R&D expenditures (rolling R&D credit; CGS § 12-217n). Regarding the latter, the credit equals the greater of: (1) 3.5% of a manufacturer’s annual R&D expenditures or (2) the amount derived using a two-step formula for calculating credit amounts. Applying the formula, the manufacturer first calculates the tentative credit amount, based on its total R&D expenditure for the year. The amount ranges from 1% of R&D expenditures totaling less than \$50 million to \$5.5 million plus 6% of R&D expenditures above \$200 million.

The second step limits the actual amount of credit the manufacturer may claim to the greater of the following amounts:

1. 50% of the tax liability without subtracting the R&D credit or
2. the lesser of (a) 200% of the total tentative credit amount, as determined in the first step, or (b) 90% of the total tax bill, without subtracting the R&D credit.

The credit for manufacturers that do not meet the location, size, and annual revenue criteria equals the amount derived from applying the two-step formula.

Accumulating Unused R&D Tax Credits

Businesses accumulate unused credits when the credit amounts exceed their tax liability or the credit cannot be (1) transferred or assigned to another taxpayer or (2) carried forward or backward for application against future or past tax liability. Other factors that might cause a manufacturer to accumulate credits are the laws barring them from using credits to reduce their annual tax liability by more than 70% (CGS § 12-217zz) and specifying the order in which they may claim credits (CGS § 12-217aa).

AN ACT CONCERNING CAPTIVE INSURANCE COMPANIES

SUMMARY: This act makes unrelated changes in Connecticut's laws regarding captive insurance companies. A captive insurer is an insurance company or entity formed to insure or reinsure the risks of its owners. The law allows a captive to be licensed and domiciled in Connecticut to transact life insurance, annuity, health insurance, and commercial risk insurance business.

Among other things, the act:

1. explicitly bars a captive from writing personal risk insurance for private passenger motor vehicle or homeowners' insurance,
2. expands the types of coverage a branch captive insurer may write,
3. establishes provisions for a captive to follow when relocating to Connecticut, and
4. extends various insurance statutes to captives, including those regarding the acquisition of controlling interest.

EFFECTIVE DATE: October 1, 2014

§ 1 – PERSONAL LINES LIMITATION

Under prior law, no captive insurer could write private passenger motor vehicle or homeowners' insurance. The act specifies that no captive may write personal risk insurance for private passenger motor vehicle or homeowners' insurance. Thus, as under prior law, a captive may write commercial risk insurance, including commercial motor vehicle insurance.

§ 2 – BRANCH CAPTIVE

The act expands the types of coverage branch captives may write by eliminating a provision that restricts them to writing only the employee benefits of their parent and affiliated companies. By law, these captives are formed under the laws of another country and licensed by the insurance commissioner to transact business in Connecticut through a business unit with a principal place of business here.

Under prior law, a branch captive could not do insurance business in Connecticut unless it maintained its only principal place of business here. The act instead requires that the branch captive maintain one of its principal places of business here.

§§ 3, 4, & 6 – TRANSFER OF DOMICILE

The act allows a captive insurer to transfer its domicile (home state) to Connecticut, as other insurers are permitted to do, by complying with laws regarding a company's organization and licensing and designation of its principal place of business in Connecticut (redomestication).

The act specifically allows any pure captive insurer, association captive insurer, industrial-insured captive insurer, risk retention group, sponsored captive insurer, or special purposes financial captive insurer organized under the laws of another state to become a domestic captive insurer of the same type by complying with Connecticut law.

§ 5 – CREDIT FOR REINSURANCE

By law, a captive may reinsure another insurer's risks, but only those risks the captive is authorized to insure directly. It can also take credit as an asset or deduction from liability for

ceding risks to certain reinsurers. The act allows the commissioner to approve, in writing, credit for reinsurance in other circumstances.

§§ 6-8 – APPLICABILITY OF INSURANCE STATUTES

Miscellaneous

The act requires captives to comply with certain insurance statutes. It allows a domestic captive to change its location within the state (CGS § 38a-58).

It requires a domestic captive to adopt policies and procedures to prevent directors, officers, employees, and other people from inappropriately benefiting from a conflict of interest arising from their position in, or special knowledge of, the company (CGS § 38a-102h).

The act requires a captive formed as a risk retention group and licensed here to have (1) its surplus funds bear a reasonable relationship to its liabilities and (2) risk-based capital related to its total adjusted capital that is adequate for the types of business transacted (CGS § 38a-72(d)). It also applies the law governing business transactions with producer-controlled insurance companies to risk retention groups (CGS §§ 38a-91 to 38a-91d).

Acquisition of Controlling Interest

The act requires a risk retention group to comply with the laws regarding a proposed acquisition or other change of control (CGS §§ 38a-129 to 140).

In addition, the act authorizes the insurance commissioner to require, with notice, certain other captives to also comply with these laws. Specifically, he may require a pure captive insurer to comply with these laws when (1) a subsidiary's assets are greater than 10% of the parent company's assets or (2) the pure captive insurer is owned by a holding company system. He may require an industrial-insured captive insurer or an association captive insurer to comply with them when (1) any member's ownership of the company is greater than 10% or (2) the insurer is owned by a holding company system.

Under the act, the commissioner may remove this compliance requirement on a pure, industrial-insured, or association captive insurer if the company demonstrates to the commissioner that the condition that triggered the compliance requirement no longer exists and no other triggering condition exists.

Public Act# 14-88

HB# 5573

AN ACT CONCERNING BROWNFIELD REMEDIATION AND DEVELOPMENT

SUMMARY: This act gives property owners investigating and remediating contaminated property more options for complying with the Department of Energy and Environmental Protection's (DEEP) requirements for completing these tasks. It allows those participating in DEEP's Voluntary Remediation Program to submit interim verifications. Such verifications signify that a property was remediated according to DEEP standards, except for groundwater undergoing long-term remediation and monitoring. The act also allows participants to submit interim or final verifications for part of a property instead of waiting until the entire property is remediated.

By law, property owners may begin to investigate and remediate a property under the Voluntary Program before they decide to transfer or convey it, a decision that subjects them to Transfer Act

deadlines for investigating and remediating the contamination. The act gives property owners who do not participate in the Voluntary Program more latitude in performing these tasks under the Transfer Act. It allows the property owner or the party that agrees to certify the property's remediation to submit an interim instead of a final verification. It also provides a brief period during which the certifying party may delay recording in the land records restrictions on how the remediated site may be used.

The act exempts more property from the Transfer Act. By law, a property, or a business operating on it, is subject to the act if it generated more than 100 kilograms (220 pounds) of hazardous waste in any month. The act excludes the amount of removed or abated building materials, such as asbestos, when calculating the amount of generated waste. Waste generated by soil, groundwater, or sediment remediation is already excluded.

The act also exempts property municipalities take by eminent domain under any statute, not just those authorizing takings for redevelopment purposes, and further exempts these sites from the Transfer Act when a municipality conveys the site to another party, as existing law allows for sites taken under the redevelopment statutes.

Lastly, the act allows the Department of Economic and Community Development (DECD) commissioner to forgive or delay repayments of brownfield loans made to private developers, not just municipalities and regional entities, as existing law allows.

EFFECTIVE DATE: Upon passage

INTERIM AND PARTIAL VERIFICATIONS

Voluntary Remediation Program

The act gives the parties responsible for determining a property's environmental condition and certifying its remediation (certifying parties) more latitude when doing so under DEEP's Voluntary Remediation Program. The program allows the certifying parties to investigate and remediate the property before its owner decides to transfer or convey it. Participating in the program allows the certifying parties to complete these tasks on their own schedule and use the results to verify the property's remediation when they are ready to transfer or convey it. The alternative is to perform them after the owner decides to transfer or convey the property, at which point they must comply with Transfer Act deadlines.

Certifying parties participating in the Voluntary Program must retain a licensed environmental professional (LEP) to verify that the property was investigated and remediated according to DEEP standards (unless the DEEP commissioner notifies them that he must review and approve these tasks). Prior law allowed the LEP to verify that the entire property or the release area was investigated according to those standards. (The release area is that part of a property where hazardous waste was discharged, spilled, or released.) The act explicitly allows the (1) property or release area to be investigated and remediated in sections and (2) LEP to verify that each section was investigated and remediated according to DEEP standards, instead of waiting until the entire property or release area has been remediated.

If there is contaminated groundwater beneath the property, the act also allows the LEP to verify that the property, part of the property, or the release area, was investigated and remediated if the contaminated groundwater is undergoing long-term remediation and monitoring (interim verification). The LEP may do so by submitting his or her written opinion on a DEEP form indicating that:

1. the investigation was performed according to the prevailing DEEP standards and guidelines;
2. the remediation was completed according to DEEP's remediation standards, except for the groundwater;
3. the groundwater is undergoing remediation, but has not been remediated to the applicable groundwater remediation standards; and
4. exposed pathways to the groundwater area meet DEEP's remediation standards.

The written opinion must identify how the groundwater will be remediated, indicate how long it will take to remediate it, and describe what needs to be done for remediation. (These criteria are the same as those for interim verification under the Transfer Act.)

Conveyance under the Transfer Act

The act also provides latitude to the parties that do not participate in the Voluntary Program and consequently must investigate and remediate a property under Transfer Act deadlines. Prior law allowed them to convey or transfer all or part of the property only after the certifying party certified that it was investigated and remediated to DEEP standards (final verification).

The act allows the certifying party to convey or transfer all or part of the property after completing an interim verification. It allows them to do so regardless of when they submitted the forms to DEEP under the Transfer Act. The forms generally indicate the property's environmental status, describe the remediation plan, or certify that the property's remediation is according to DEEP standards.

In allowing parties to submit interim verifications, the act implicitly requires them to record an environmental land use restriction (ELUR) in local land records when they submit these verifications to DEEP. (ELURs restrict how a remediated property can be redeveloped.) But it also creates an eight-month window in which an owner may delay recording an ELUR.

Under the act, a party that submits the interim verification for a property on or before December 31, 2014 does not have to record an ELUR until September 1, 2015. When it records the ELUR, it must do so as existing law requires. If the party fails to meet the September 1 deadline, its failure to do so invalidates the interim verification, and the DEEP commissioner cannot recognize it.

The commissioner may audit interim verifications under the same conditions as he may audit final verifications under the law.

MODIFYING BROWNFIELD LOAN REPAYMENT TERMS

The act allows the DECD commissioner to modify the terms and conditions of brownfield remediation loans made to private developers, not just those made to municipalities, economic development agencies, regional development agencies, and regional planning organizations, as the law already allowed. Prior law allowed her to delay or forgive principal, interest, or principal and interest payments if she determined that it was in the state's best interest to do so. The act allows her to take these steps if she determines that it is in the state's best interest from an economic or community development perspective.

AN ACT CONCERNING MORTGAGE SERVICERS, CONNECTICUT FINANCIAL INSTITUTIONS, CONSUMER CREDIT LICENSES, THE FORECLOSURE MEDIATION PROGRAM, MINOR REVISIONS TO THE BANKING STATUTES, THE MODERNIZATION OF CORPORATION LAW AND REVERSE MORTGAGE TRANSACTIONS

SUMMARY: This act makes numerous unrelated changes regarding financial services companies. Among other things, it:

1. renames mortgage servicing companies “mortgage servicers,” modifies related licensure requirements and standards of conduct, and gives the banking commissioner authority to conduct investigations and examinations and take enforcement actions;
2. modifies the exemptions from certain licensure and bonding requirements that apply to certain subsidiaries of banks and credit unions;
3. establishes procedural requirements for a Connecticut bank that proposes to close a loan production office;
4. prohibits the transfer and assignment of a business and industry development corporation's license;
5. allows certain New Jersey and Pennsylvania banks to join a group of banks that owns the Connecticut-chartered “bankers' bank”;
6. expands the definition of an “automatic teller machine” to include those equipped with a telephone or televideo device that allows contact with bank employees;
7. (a) extends the banking commissioner's authority to use the Nationwide Mortgage Licensing System and Registry, (b) authorizes the system to receive and maintain licensing and registration records, and (c) establishes filing, licensing, fees, reports, and other system procedures and requirements;
8. narrows the scope of the exemption from mortgage loan originator licensure that applies to certain attorneys;
9. increases the prelicensing and continuing education and testing requirements for mortgage lenders, mortgage correspondent lenders, and mortgage brokers;
10. extends the state's foreclosure mediation program by two years, until June 30, 2016, and makes other program-related changes;
11. limits when the banking commissioner can automatically suspend a consumer collection agency's license due to a dishonored check for payment of licensing fees;
12. makes a minor change in the law allowing specified business entities to change their entity type;
13. creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law within the Legislative Branch; and
14. establishes a six-member task force to study the reverse mortgage industry.

The act also corrects improper references and makes technical and other conforming changes (§§ 41-45 & 47-49).

EFFECTIVE DATE: October 1, 2014, unless otherwise stated below. The sections that correct improper references and make certain technical and other conforming changes (§§ 41-45 and 47-49) are effective upon passage.

§ 50 – COMMISSION ON CONNECTICUT'S LEADERSHIP IN CORPORATION AND BUSINESS LAW

The act creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law within the Legislative Branch.

The commission must develop and recommend policies to:

1. establish Connecticut as a leading and highly desirable location to organize a business entity (a corporation, association, partnership, limited liability company, or similar organization) and adjudicate corporate and business law matters and
2. attract and encourage business entities to organize under Connecticut law and have their headquarters and significant business operations here.

It must submit a 10-year action plan to the legislature by October 1, 2015 to achieve these purposes and establish Connecticut's leadership in corporation business organization law.

Charge

In developing its plan and to achieve the act's purposes, the commission must develop and recommend policies to:

1. enhance and improve Connecticut's corporation statutes;
2. establish a court docket with exclusive jurisdiction over matters involving business entity organization, shareholders, securities, and business combinations or transactions involving the sale or transfer of ownership interests; and
3. assist the secretary of the state in developing best-in-the-nation business services and support, including a state-of-the-art business entity organization and filing system with accelerated access to business services 24 hours a day.

The commission must also examine the impact of statutes and the common law in Connecticut, Delaware, New York, and other states on organizing business entities and retaining them in Connecticut. It must recommend legislation and administrative and policy changes to the governor and legislature. To do so, the commission must examine the impact of:

1. Connecticut's business corporation laws;
2. state business taxes, including franchise and corporation business taxes;
3. Judicial Branch operations on business entity organization, including court rules, the complex litigation docket, and the branch's composition;
4. the Secretary of the State's Office and the state's procedures for business entity organization and filing, including electronic and accelerated capabilities;
5. Delaware's corporate law, Chancery Court, and statutory and administrative provisions on (a) Delaware's economy and economic development and (b) adjudication of corporate and business disputes in Connecticut courts; and
6. New York's corporation law, Supreme Court's commercial division, and other statutory and administrative provisions on (a) New York's economy and economic development and (b) adjudication of corporate and business disputes in Connecticut courts.

Members

The commission consists of:

1. the Connecticut Bar Association business law section chairperson;
2. the economic and community development commissioner or her designee;
3. the chief court administrator or his designee;
4. the chairpersons of the Banks, Commerce, and Judiciary committees, or their designees chosen from among the appropriate committee's membership;
5. one member appointed by each of the six legislative leaders; and

6. two members appointed by the governor.

Members must choose the commission's chairperson from among the members and the commission must meet as necessary.

Public Act# 14-94

SB# 357

AN ACT CONCERNING CONNECTICUT'S RECYCLING AND MATERIALS MANAGEMENT STRATEGY, THE UNDERGROUND DAMAGE PREVENTION PROGRAM AND REVISIONS TO ENERGY AND ENVIRONMENTAL STATUTES

SUMMARY: This act makes numerous unrelated changes in the energy and environment statutes. Among other things, it:

1. (a) dissolves the Connecticut Resources Recovery Authority (CRRRA) and establishes the Materials Innovation and Recycling Authority (MIRA) as a successor authority; (b) revises the authority's activities, powers, and purposes; and (c) requires the Department of Energy and Environmental Protection (DEEP) commissioner, with MIRA, to seek proposals to redevelop the Connecticut Solid Waste Management System Project;
2. requires the DEEP commissioner, in consultation with municipalities, to revise the state's solid waste management plan;
3. expands the DEEP-operated electricity purchasing pool and requires it to solicit proposals from Class II trash-to-energy facilities;
4. modifies certain product energy efficiency compliance standards;
5. requires new regulations for state building energy efficiency standards based on the federal Environmental Protection Agency's (EPA) national energy performance rating system and Energy Star Target Finder tool;
6. dissolves the Connecticut Energy Advisory Board (CEAB) and eliminates the request for proposal (RFP) process it had to conduct when applications for siting certain facilities were filed with the Connecticut Siting Council;
7. makes NuPower Thermal, LLC a thermal energy transportation company named the Bridgeport Thermal Limited Liability Company;
8. renames the Clean Energy Finance and Investment Authority (CEFIA) as the Connecticut Green Bank and expands its commercial property assessed clean energy program (C-PACE) to include microgrids;
9. increases the maximum length of the in-service date extension provided for certain Project 150 projects;
10. changes the maximum cable TV late charge to 8% of the balance due, instead of 8% of the balance due per year (§ 27);
11. allows electric companies to recover their costs, investments, and lost revenues incurred from on-bill repayment programs established for residential clean energy and heating equipment financing programs (§ 31);
12. entitles electric companies to recover costs incurred under certain DEEP-mandated power purchasing agreements;
13. expands the scope of, and makes several other changes to, the state's Call Before You Dig program;
14. allows the Public Utilities Regulatory Authority (PURA), under certain circumstances and in consultation with the Department of Public Health (DPH), to order a water company to extend its system to supply water to properties served by a deficient well system;

15. modifies how certain gas company revenues are used to offset the costs of expanding the company's infrastructure;
16. limits property tax exemptions for a solar thermal or geothermal energy system to the amount that the system's unconventional portions increase the property's assessed value;
17. modifies certain electric supplier consumer protections provided by PA 14-75; and
18. eliminates requirements that DEEP (a) identify solid waste facilities available for municipalities without landfills or certain disposal contracts and (b) submit reports on the state's electronics recycling program to the Environment Committee.

The act also makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage, unless otherwise noted.

§ 4 – Nonprofit Recycling Foundation and Council

The act establishes a non-stock, nonprofit corporation called Recycle CT Foundation, Inc. as a state-chartered foundation organized under Connecticut law. It requires the foundation to:

1. target and promote coordination and support of research and education activities and public information programs to increase the state's reuse and recycling rate, according to the state's solid waste management plan and
2. receive, administer, and disburse gifts, grants, endowments, or other funds to support solid waste management research and education activities.

It also creates the Recycle CT Foundation Council and requires it to seek nonprofit tax-exempt status. The council must solicit and accept funds for Recycle CT Foundation, Inc., which must be used for grants to programs that seek to increase solid waste material reuse and recycling in Connecticut.

The council must prescribe the grant application form and set the criteria and procedures for awarding the grants. Possible grant recipients must apply to the council and may include nonprofits, civic and community groups, schools, public agencies, municipalities and regional entities that represent them, and private-sector organizations.

The council consists of the following 11 members:

1. the DEEP and economic and community development commissioners or their designees;
2. five gubernatorial appointees; and
3. four members, one each appointed by the House speaker, Senate president pro tempore, and the House and Senate minority leaders.

The governor appoints the council's chairperson whose term is coterminous with the governor's. The other council members serve up to three two-year terms. Council vacancies must be filled by appointing authorities and members receive no compensation for their service.

§ 23-24 & 29 – CEFIA

§ 29 – CEFIA Name Change

The act renames CEFIA as the Connecticut Green Bank ("Green Bank") and makes it a successor agency to CEFIA for purposes of administering the Clean Energy Fund.

AN ACT ESTABLISHING A PROPERTY TAX PROGRAM TO ENCOURAGE THE PRESERVATION OF HISTORIC AGRICULTURAL STRUCTURES

SUMMARY: This act authorizes municipalities to establish, by ordinance, a property tax incentive program to encourage the preservation of certain historic agricultural structures that are at least 75 years old. Under the program, a property owner agrees to offer a municipality a preservation easement for the historic structure for up to 10 years in exchange for a property tax abatement. If the easement is accepted, the owner must maintain the structure in keeping with its historic integrity and character. The act provides a mechanism for terminating easements under specified conditions and authorizes municipalities to penalize property owners who do not comply with their easement agreements.

EFFECTIVE DATE: Upon passage

HISTORIC AGRICULTURAL STRUCTURES

Under the act, "historic agricultural structures" are barns listed on the national or state Register of Historic Places, stone walls, and other structures, including the land necessary for these structures' function. The structures must be at least 75 years old and currently or formerly used for agricultural purposes. They must also:

1. provide scenic enjoyment to the general public from a public road;
2. be historically important on a local, regional, state, or national level, on their own or as part of an historic district established under state law; or
3. have physical or aesthetic features that contribute to the historic or cultural integrity of a property located on, or eligible for, the national or state Register of Historic Places.

APPLICATION FOR ABATEMENT

A municipality's legislative body (or if the legislative body is a town meeting, its board of selectmen or town council) must prescribe the abatement application form. The application must include (1) an offer to grant the municipality a preservation easement for the term of the abatement and (2) a certification by the owner that, during the term of any preservation easement the legislative body accepts, he or she will maintain the structure in keeping with its historic integrity and character.

If the legislative body accepts the easement, it must establish a reduced property tax payment reflecting, in its sole discretion, the value of the public benefit received from the preservation easement. The amount must be fixed for the term of the easement, which may be up to 10 years under the act. Tax abatement terms must begin on the first of January preceding the start of the tax year.

TERMINATING AN EASEMENT

The act requires the legislative body to release the easement at the owner's request if it determines that the:

1. owner cannot comply with the agreement due to extreme personal hardship or
2. historic agricultural structure has been significantly damaged or destroyed by fire, storm, or any other unforeseen circumstance outside of the owner's control.

The act authorizes municipalities to penalize property owners who fail to maintain the historic structure in accordance with an easement agreement by levying an early release penalty and terminating the easement.

AN ACT STRENGTHENING CONNECTICUT'S INSURANCE INDUSTRY COMPETITIVENESS

SUMMARY: This act establishes a process by which a Connecticut mutual insurer can reorganize itself as a stock insurer owned by a mutual holding company. It requires the insurer to develop a plan, which is subject to approval by its board of directors, the insurance commissioner, and the insurer's members. It prescribes the powers and duties of the mutual holding company and prohibits it from engaging in the insurance business.

The act regulates how an insurer or intermediate holding company can offer voting stock, once the reorganization goes into effect, to a person other than the mutual holding company or a subsidiary it wholly owns.

It prescribes how (1) holding companies can merge, (2) a mutual insurance company can reorganize with an existing Connecticut or out-of-state holding company, and (3) a holding company can convert into a stock corporation. It establishes limits on when certain actions can be brought against the affected companies. The act generally makes information, documents, and copies connected with these provisions confidential and exempt from the Freedom of Information Act. The act allows the commissioner to adopt implementing regulations.

Under prior law, an alien (non-U.S.) insurer could enter the United States through another state and establish its U. S. branch there. The act establishes a process by which alien insurers can use Connecticut as their "state of entry" to transact insurance business through a U. S. branch. To do this, the alien insurer must obtain a Connecticut insurance license and establish a trust account funded at or above the level required for a Connecticut insurer. The resulting branch is subject to all state insurance laws that apply to an insurer domiciled in this state, unless otherwise provided.

The act specifies application and licensing requirements for the alien insurer. The act restricts the types of business the branch can engage in. It allows the commissioner to liquidate the branch or revoke the alien insurer's license if any trustee violates or refuses to comply with the act's requirements and grants him other powers.

The branch must submit annual and quarterly reports to the Insurance Department and the National Association of Insurance Commissioners (NAIC).

The act establishes a procedure under which the alien insurer can domesticate its U. S. branch. Domestication is a reorganization of the branch in which a Connecticut insurer succeeds to all of the branch's business and assets and assumes all of its liabilities.

The act allows the commissioner to apply to the courts to rehabilitate a U. S. branch that, without his approval, (1) transfers or attempts to transfer its entire property or business in violation of the act or (2) enters into any transaction that effectively merges, consolidates, or reinsures substantially all of its property or business in or with another person.

The act modifies the surplus that an alien insurer operating under existing law must have in its trust account.

It also makes minor, conforming, and technical changes. EFFECTIVE DATE: Upon passage

Public Act# 14-128

HB# 5269

AN ACT CREATING PARITY BETWEEN PAID SICK LEAVE BENEFITS AND OTHER EMPLOYER-PROVIDED BENEFITS

SUMMARY: This act changes the method for determining if a nonmanufacturing business must provide paid sick leave to certain employees. Under prior law, it had to provide the leave if it employed 50 or more people in Connecticut during any of the previous year's quarters. It had to determine if it exceeded this threshold by January 1 annually based on the quarterly reports it submits to the labor commissioner. Under the act, the business must determine if it meets the annual 50-employee threshold based on the number of employees on its payroll for the week containing October 1.

The act also prohibits the business from firing, dismissing, or transferring an employee from one job site to another to come under the 50-employee threshold. Workers aggrieved by such practices may file a complaint with the labor commissioner, as the law allows.

The act changes the timeframe for accruing paid sick leave. Under prior law, employees accrued one hour of sick leave for every 40 hours worked per calendar year. Under the act, they accrue one hour of paid sick leave for every 40 hours worked during whatever 365-day year the business uses to calculate employee benefits. This allows the employer to start the benefit year on any date, rather than only on January 1. The act makes conforming changes.

Additionally, the act extends to radiologic technologists the same right to paid sick leave the law already grants to other service workers in specified occupational categories. As under the law for other covered service workers, eligible radiologic technicians must:

1. work for a covered employer;
2. be paid on an hourly basis or subject to the federal Fair Labor Standards Act's minimum wage and overtime requirements (which generally cover hourly wage employees, but not salaried managers and professionals); and
3. follow the law's requirements for accruing and using the leave.

EFFECTIVE DATE: January 1, 2015

Public Act# 14-129

HB# 5273

AN ACT RESTORING THE COMMISSIONER OF ECONOMIC AND COMMUNITY DEVELOPMENT'S DUTY TO DETERMINE WHETHER SURPLUS STATE PROPERTY CAN BE USED FOR ECONOMIC DEVELOPMENT PURPOSES

SUMMARY: This act requires the economic and community development commissioner, instead of the housing commissioner, to notify the Office of Policy and Management secretary if certain

surplus state property can be (1) used or adapted for economic development or (2) exchanged for property that can be used for that purpose.

By law, the secretary must notify all state agencies when an agency informs him it no longer needs a property it controls. The law requires specified commissioners to determine and notify the secretary if the property can be used for certain purposes related to their agency's mission. Commissioners who determine they can use the property must submit a plan describing the proposed use for the secretary's review (CGS § 4b-21).

The act also makes technical changes. EFFECTIVE DATE: Upon passage

Public Act# 14-191

HB# 5476

AN ACT CONCERNING A STUDY OF THE FEASIBILITY OF LEGALIZING INDUSTRIAL HEMP

SUMMARY: This act requires the agriculture, consumer protection, and economic and community development commissioners to study the feasibility of legalizing industrial hemp to (1) encourage economic development and (2) increase new businesses in Connecticut. They must first consult with the attorney general.

Under the act, each commissioner must study a different aspect of legalizing industrial hemp. The agricultural commissioner must study its production; the consumer protection commissioner must study its possession; and the economic and community development commissioner must study its sale.

The act also requires the consumer protection commissioner to report, by January 1, 2015, to the Commerce, Environment, and General Law committees on his recommendations for:

1. establishing a statutory definition of "industrial hemp" to distinguish it from marijuana, based on a percentage of proposed tetrahydrocannabinol (the active compound in marijuana) in the hemp;
2. exempting industrial hemp from the law's definition of "controlled substance"; and
3. creating a licensing system for growers and sellers.

Lastly, the act makes a technical change to an internal reference in PA 14-51, which, among other things, requires the Consumer Protection Department to establish a list of all heating fuel dealers that offer prepaid guaranteed price plans to consumers.

EFFECTIVE DATE: Upon passage, except the technical change to PA 14-51 takes effect July 1, 2014.

Public Act# 14-222

HB# 5289

AN ACT ESTABLISHING THE CONNECTICUT PORT AUTHORITY

SUMMARY: This act creates (1) the Connecticut Port Authority (authority) as a quasi-public agency to coordinate development of and market state ports, and (2) a port authority working group to prepare and submit recommendations to the Department of Economic and Community Development (DECD) on the authority's powers and duties.

It requires the DECD commissioner, after consulting with specified agencies, and within available appropriations, to (1) develop a plan to move the (a) Connecticut Maritime Commission and (b) Department of Transportation’s (DOT) maritime functions to the authority and (2) review and recommend state policies affecting the ports. Currently, DOT’s state maritime office is responsible for maritime operations and staffs the Maritime Commission (see BACKGROUND).

The act exempts from the petroleum products gross earnings tax certain fuels used in ships primarily engaged in interstate commerce. It also exempts, from the state motor vehicle fuels tax, fuel used by ships (1) primarily engaged in interstate commerce or (2) displacing more than 4,000 deadweight tons.

It also makes conforming changes.

EFFECTIVE DATE: October 1, 2015, except for the provisions (1) creating the working group and specifying its duties, (2) on the duties of the DECD commissioner, and (3) on fuel tax exemptions, which are effective on passage.

§ 2 – PORT AUTHORITY WORKING GROUP

The act creates a port authority working group, which terminates on October 1, 2015. The working group must prepare and submit recommendations to DECD on the powers and duties of the Port Authority board of directors regarding:

1. employment and personnel practices and policies, including those related to hiring, promotion, compensation, retirement, and collective bargaining;
2. issuing bonds (but the act does not authorize the authority to issue bonds);
3. authority to (a) acquire, lease, purchase, own, manage, hold, and dispose of personal and real property and (b) make and enter into contracts and agreements; and
4. any other authority powers and duties.

Working Group Membership

The working group has at least 13 members, including the DECD commissioner and the treasurer, or their designees. Members must be appointed by September 11, 2014. Appointed members include three members appointed by the governor and one member each, appointed as follows:

Appointing Authority	Organization or Municipality Appointee Represents
House speaker	Connecticut Marine Trades Association
House majority leader	Coastal municipality with a population of 100,000 or less
House minority leader	Connecticut Pilot Commission
Senate president pro tempore	Connecticut Maritime Commission
Senate majority leader	New Haven
Senate minority leader	Connecticut Harbor Management Association
Transportation Committee co-chairs	New London
Transportation Committee ranking members	Bridgeport

The DECD commissioner may appoint any other member she deems appropriate. The working group must select one of its members as chairperson. The chairperson must schedule and conduct meetings in consultation with the commissioner.

The commissioner must convene the first meeting of the working group by September 11, 2014, and it must meet at least once each month thereafter. DECD staffs the working group, within available appropriations.

§ 3 – DECD RESPONSIBILITIES

Under the act, the DECD commissioner must develop, (1) within available appropriations, and (2) after consulting with the working group, the DOT and Department of Energy and Environmental Protection (DEEP) commissioners, and the Office of Policy and Management secretary:

1. a plan to move the DOT's maritime functions to the authority,
2. a plan to move the Maritime Commission's functions to the authority once it is established,
3. a plan on the authority's bonding powers, and
4. a proposed business and operating plan for consideration by the authority's board upon its creation.

She must also, within available appropriations and consulting with the same officials:

1. review and recommend state policies that affect state ports;
2. coordinate state, regional, and local efforts to encourage the ports' growth; and
3. prepare and submit, by March 1, 2015, to the governor and the Commerce, Transportation, and Environment committees, a report of activities, findings, and recommendations on establishing the authority.

§ 1 – PORT AUTHORITY

Under the act, the authority is a body politic and corporate, a public instrumentality and political subdivision of the state, created to perform an essential public and governmental function. It is a quasi-public agency, not a state department, institution, or agency, and as such is subject to statutory procedural, operating, and reporting requirements for quasi-public agencies, including lobbying restrictions and an ethics code.

The authority must:

1. coordinate port development, focusing on private and public investments;
2. pursue state and federal funding for dredging and other infrastructure improvements to increase movement of cargo through the ports;
3. market the ports' advantages to domestic and international shippers;
4. coordinate the planning and funding of capital projects promoting the ports' development; and
5. develop strategic entrepreneurial initiatives that may be available to the state.

The authority, instead of the Maritime Commission, must also recommend harbor improvement projects to the DOT commissioner.

The authority continues as long as it has bonds or other outstanding obligations and until it is legally terminated, provided that no such termination affects any of the authority's outstanding contractual obligations, and the state succeeds to such obligations. Upon the authority's termination, all of its rights and properties pass to and become vested in the state.

Authority Powers

Under the act, the authority may:

1. have perpetual succession and adopt bylaws;
2. adopt and modify an official seal;

3. maintain one or more offices;
4. sue in its own name;
5. develop an organizational and management structure to best achieve its goals;
6. create a code of conduct for board members consistent with applicable law;
7. adopt rules, which are not considered regulations and therefore do not have to go through the regulatory approval process, to conduct its business; and
8. adopt an annual budget and operating plan, including a requirement that the board must approve the budget or plan before it can take effect.

§ 1 – BOARD OF DIRECTORS

The authority is governed by a 15-member board of directors, each of whom is a voting member. Members include the commissioners of DEEP, DOT, and DECD, or their designees, and the treasurer, or her designee, all of whom are ex-officio members. The governor appoints five members, two for four-year terms and three for two-year terms. The Senate president pro tempore, House speaker, and House and Senate majority and minority leaders each appoint one member. The Senate appointees serve four-year terms; the House appointees, two-year terms. The appointees must have business and management experience and include people with experience or expertise in at least one of the following areas: (1) international trade, (2) marine transportation, (3) finance, or (4) economic development. Successor members appointed by the governor and the legislative leaders serve four-year terms, starting on July 1 in the year of their appointment.

Eight directors comprise a quorum for the transaction of any business or exercise of any power. The board may act by a majority of the directors present at any meeting at which there is a quorum except as the act provides. The board may delegate to eight or more directors necessary and proper powers and duties under the act and the board's by-laws.

Appointed board members cannot designate someone to perform their duties in their absence. An appointed director who fails to attend three consecutive meetings or half of all meetings held in a calendar year is deemed to have resigned from the board. Any vacancy that occurs other than by the expiration of a term is filled within 30 days in the same way as the original appointment for the remainder of the term.

Officers

The board selects a chairperson, vice-chairperson, and other officers it believes necessary from its members. The chairperson serves a four-year term.

The initial board members may begin serving immediately on appointment, but cannot serve beyond the sixth Wednesday of the next regular legislative session unless confirmed by the legislature according to law. All subsequent appointments must be made with legislative advice and consent according to law.

Reimbursement and Conflicts of Interest

Directors serve without compensation, but are reimbursed for actual and necessary expenses incurred performing their duties. Directors may be privately employed, or in a profession or business, subject to state ethics and conflict of interest laws, rules, and regulations. However, regardless of the law, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any person with a financial interest in such a person, firm, or corporation, to serve as a director, provided he or she complies with applicable state ethics laws.

Removal of Board Members

An appointing authority may remove a board member for inefficiency, neglect of duty, or misconduct in office. Before doing so, the appointing authority must give the director a copy of the charges against him or her and an opportunity for a hearing, no earlier than 10 days after notice, where the director may respond personally or through an attorney. When a director is removed, the appointing authority must file with the secretary of the state a complete statement of the charges against the director and the appointing authority's findings on the charges, together with a complete record of the proceedings.

Executive Director

The board appoints an executive director as the authority's chief administrative officer. The executive director (1) is exempt from classified service and receives compensation set by the board, (2) serves at its pleasure, and (3) cannot be a board member. He or she must have extensive experience in developing and managing multi-use port operations.

The executive director directs and supervises administrative affairs and technical activities at the board's direction. He or she must approve all salaries, allowable expenses for the authority and its employees and consultants, and incidental authority expenses.

The executive director must attend all board meetings; keep a record of authority proceedings; and maintain and have custody of all books, documents, and papers filed with the authority, and the authority's minutes or journal and its official seal. He or she may have copies made of the authority's minutes, records, and other documents, and may use the seal to certify them as true copies on which people may rely. The executive director must perform other duties as the board directs.

Reporting Requirements

The board must report annually, by December 15, on its (1) activities, (2) operating and financial statements, and (3) legislative recommendations, to the governor and Commerce, Environment, and Transportation committees.

It must submit to the Appropriations, Commerce, Environment, and Transportation committees a copy of each authority audit conducted by an independent auditing firm no later than seven days after the board receives it.

§§ 9 & 10 – FUEL TAX EXEMPTIONS

The act exempts, from the petroleum products gross earnings tax, bunker fuel oil, intermediate fuel, marine diesel oil, and marine gas oil used in vessels primarily engaged in interstate commerce. The law already exempts these fuels when used in vessels displacing more than 4,000 dead weight tons. The act also exempts from the state motor vehicle fuels tax any fuel sold for use in any vessel either (1) primarily used in interstate commerce or (2) displacing more than 4,000 dead weight tons.

BACKGROUND

Port Administration

Independent, locally created port authorities oversee the ports in Bridgeport, New Haven, and New London. No state or regional agency oversees local authority operation, but they operate under state statutes granting them broad powers to plan, finance, develop, and operate facilities in the locally designated port district (CGS §§ 7-329c to 329u). The districts include privately

owned and operated facilities, including docks and shipping terminals. New London's district includes the DOT-owned and managed State Pier.

Connecticut Maritime Commission

By law, the commission, among other things:

1. advises the governor, DOT commissioner, and legislature on state maritime policy and operations;
2. develops and recommends a state maritime policy;
3. supports the development of the state's maritime commerce and industries, including its deep water ports; and
4. supports the development of the ports, including identifying new opportunities for them, analyzing the potential for and encouraging private investment in them, and recommending policies that support port operations.

The commission is part of DOT (CGS § 13b-51a).

State Maritime Office

This DOT office is responsible for maritime operations, including the State Pier in New London, serves as the governor's principal maritime policy advisor, and staffs the Connecticut Maritime Commission (CGS § 13b-51b).

AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND REVENUES FOR THE FISCAL YEAR ENDING JUNE 30, 2015

Section 1. (*Effective July 1, 2014*) The amounts appropriated for the fiscal year ending June 30, 2015, in section 1 of public act 13-247 regarding the GENERAL FUND are amended to read as follows:

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

	2014-2015	
Personal Services	[8,229,087]	8,172,510
Other Expenses	[586,717]	1,027,717
Equipment	1	
Statewide Marketing	12,000,000	
Small Business Incubator Program	387,093	
Hartford Urban Arts Grant	[359,776]	400,000
New Britain Arts Council	71,956	
Main Street Initiatives	162,450	
Office of Military Affairs	[430,834]	250,000
Hydrogen/Fuel Cell Economy	175,000	
CCAT-CT Manufacturing Supply Chain	732,256	
Capitol Region Development Authority	[6,170,145]	8,464,370
Neighborhood Music School	[50,000]	150,000
Nutmeg Games	[24,000]	74,000
Discovery Museum	359,776	
National Theatre for the Deaf	143,910	

CONNSTEP	588,382	
Development Research and Economic Assistance	137,902	
CT Trust for Historic Preservation	199,876	
Connecticut Science Center	599,073	
CT Flagship Producing Theaters Grant	475,000	
Women's Business Center	500,000	
Performing Arts Centers	1,439,104	
Performing Theaters Grant	[452,857]	<u>532,857</u>
Arts Commission	1,797,830	
<u>Art Museum Consortium</u>		<u>525,000</u>
<u>CT Invention Convention</u>		<u>25,000</u>
<u>Litchfield Jazz Festival</u>		<u>50,000</u>
Greater Hartford Arts Council	89,943	
Stepping Stones Museum for Children	42,079	
Maritime Center Authority	[504,949]	<u>554,949</u>
Tourism Districts	1,435,772	
Amistad Committee for the Freedom Trail	45,000	
Amistad Vessel	359,776	
New Haven Festival of Arts and Ideas	757,423	
New Haven Arts Council	89,943	
Beardsley Zoo	372,539	
Mystic Aquarium	589,106	
Quinebaug Tourism	39,457	
Northwestern Tourism	39,457	
Eastern Tourism	39,457	
Central Tourism	39,457	
Twain/Stowe Homes	90,890	
[Cultural Alliance of Fairfield County]Cultural Alliance of Fairfield	89,943	
Nonfunctional - Change to Accruals	[50,013]	<u>41,387</u>
AGENCY TOTAL	[40,748,229]	<u>44,157,641</u>

§ 21 – TOBACCO SETTLEMENT FUND ALLOCATIONS

The act allocates money from the Tobacco Settlement Fund in FY 15 for the programs and purposes shown in Table 5:

Table 5. Tobacco Settlement Fund Allocations

Agency	Program/Purpose	Amount
DMHAS	Grants for Substance Abuse	\$3,000,000
	Grants for Mental Health Services	7,000,000
SDE	After School Program: grants for after school programs in the following towns - Waterbury (\$143,000), Meriden (\$71,000), Lighthouse Program of Bridgeport	1,000,000

	(\$164,000), Stamford (\$123,000), New Britain (\$87,000), East Hartford (\$65,000), Hartford (\$172,000), New Haven (\$149,000), and Windham (\$26,000)	
Department of Economic and Community Development (DECD)	Other Expenses: grant to Connecticut Innovations, Inc. (CII) for regenerative medicine and bioscience grant award management	500,000

§ 22 – PAYMENTS IN LIEU OF TAXES (PILOTS) FOR BRADLEY INTERNATIONAL AIRPORT PROPERTY

Beginning in FY 15, the act eliminates the state PILOT for any Bradley International Airport real property located in the four towns (Windsor Locks, Suffield, East Granby, and Windsor) receiving specific annual payments from the Connecticut Airport Authority for such property.

§§ 41-44 – ADJUSTMENTS IN FY 14 GENERAL FUND AND STF APPROPRIATIONS

The act adjusts certain FY 14 General Fund and STF appropriations, as shown in Table 7. The adjustments result in a \$1 million (1) net decrease in General Fund appropriations and (2) net increase in STF appropriations.

Table 7: Adjustments in FY 14 General Fund and STF Appropriations

Agency	For	Increase/ (Reduction) in millions
General Fund		
	Personal Services	\$6.5
Department of Administrative Services	State Insurance and Risk Management Operations	1.5
DESPP	Personal Services	3.9
	Other Expenses	0.5
	Workers' Compensation Claims	0.4
DECD	Capitol Region Development Authority	3.0
Office of the Chief Medical Examiner	Other Expenses	0.1
		10.4
SDE	Magnet Schools	
	Personal Services	4.9
Public Defenders Services Commission	Expert Witnesses	1.8
State Comptroller - Miscellaneous	Adjudicated Claims	6.2
Workers' Compensation Claims - Administrative Services	Workers' Compensation Claims	2.8
DSS	Medicaid	(43.0)
STF		
DOT	Personal Services	7.0
	Other Expenses	2.1
	Bus Operations	4.0
	ADA Para-transit Program	0.6
State Comptroller - Fringe Benefits	State Employees Health Service Cost	1.5
Workers' Compensation Claims -	Workers' Compensation Claims	0.8

Administrative Services		
Department of Motor Vehicles (DMV)	Personal Services	(1.5)
	Other Expenses	(0.5)
DOT	Pay-As-You-Go Transportation Projects	(4.0)
Debt Service - State Treasurer	Debt Service	(9.0)

EFFECTIVE DATE: Upon passage

§ 51 – ANGEL INVESTOR TAX CREDIT

The act postpones the sunset date for the angel investor tax credit program from July 1, 2014 to July 1, 2016. By law, the angel investor tax credit program provides personal income tax credits for people investing at least \$25,000 in start-up, technology-based Connecticut businesses approved for such credit-eligible investments.

Prior law requires CII to review the credit's effectiveness by July 1, 2014. The act (1) requires CII to conduct this review annually, beginning by July 1, 2014; (2) specifies that CII must review the credit's cumulative effectiveness; (3) requires it to report its findings to OPM, in addition to the Commerce Committee; and (4) identifies certain elements that CII must include in its report.

Under the act, the annual report must include the:

1. number, type, and current status of Connecticut businesses that received angel investments;
2. number and type of angel investors;
3. aggregate amount of cash investments;
4. number of employees each business employed in each year following the year in which it received the angel investment; and
5. economic impact each business has in the state.

EFFECTIVE DATE: Upon passage, and applicable to tax years beginning on or after January 1, 2014.

Public Act# 14-98

SB# 29

AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES, AND CONCERNING MISCELLANEOUS PROGRAMS, INCLUDING THE SMART START PROGRAM, THE WATER IMPROVEMENT SYSTEM PROGRAM, SCHOOL SECURITY GRANTS, THE REGENERATIVE MEDICINE RESEARCH FUND, THE CONNECTICUT MANUFACTURING INNOVATION FUND AND THE BOARD OF REGENTS FOR HIGHER EDUCATION INFRASTRUCTURE ACT

SUMMARY: This act authorizes up to \$933.1 million in new state general obligation (GO) bonds for state capital projects and grant programs, including (1) \$860.5 million in new authorizations for FYs 14 through 24, (2) \$89.7 million in net changes to FY 15 authorizations enacted in 2013, and (3) \$17.2 million in cancellations of authorizations from prior fiscal years. It also authorizes up to \$17.6 million in new special tax obligation (STO) bonds for transportation projects, including (1) 28.4 million in new authorizations for FY 15 projects and (2) \$10.9 million in net decreases to FY 15 STO authorizations enacted in 2013.

Among other things, the act:

1. authorizes \$103.5 million in new bonding under the Connecticut State University System (CSUS) 2020 infrastructure program (renamed by the act as the Connecticut State Colleges

- and Universities (CSCU) 2020 program), (b) expands the program to include the regional community-technical colleges and Charter Oak State College, and (c) extends it by one year to FY 19;
2. a) establishes the Connecticut Manufacturing Innovation Fund, administered by the Department of Economic and Community Development (DECD), to provide financial assistance to targeted disciplines and industries, (b) authorizes up to \$30 million in GO bonds to capitalize the fund, and (c) establishes an 11-member advisory board to oversee its operations;
 3. a) broadens the scope of the existing Stem Cell Research Fund to include regenerative medicine, (b) shifts administrative responsibility for the fund from the Department of Public Health (DPH) to Connecticut Innovations Incorporated (CII), and (c) authorizes up to \$40 million in GO bonds for the fund from FY 16 through FY 19;
 4. establishes a new grant program for eligible drinking water projects approved by DPH under its Drinking Water State Revolving Fund (DWSRF) program and authorizes up to \$50 million in GO bonds in FY 15 for the program;
 5. authorizes up to \$105 million in GO bonds over FYs 15 through 24 for the newly created Connecticut Smart Start competitive grant program, which provides capital and operating grants to local and regional boards of education establishing or expanding preschool programs;
 6. authorizes \$80 million in new bonds for the Urban Action program for economic and community development projects the Office of Policy and Management (OPM) undertakes and reserves \$10 million of this amount for a grant to develop an intermodal transportation facility in northeastern Connecticut (§ 28);
 7. authorizes the DECD commissioner to waive, for small businesses in the state's 25 distressed municipalities, the requirement that they provide a match for grants received under the small business express program (§ 43);
 8. increases, from \$650 million to \$800 million, the total amount of business tax credits available under the Urban and Industrial Site Reinvestment Program (§ 44);
 9. authorizes \$100 million in new bonds for the Manufacturing Assistance Act program (§ 45); and
 10. expands the state's competitive school security grant program to regional education service centers (RESC), state charter schools, technical high schools, endowed academies, and private schools, and authorizes an additional \$22 million in bonds for the program.

EFFECTIVE DATE: July 1, 2014, unless otherwise noted below.

§§ 1-15, 82, & 97 – BOND AUTHORIZATIONS FOR STATE AGENCY PROJECTS AND GRANTS

The act authorizes up to \$339.2 million in new GO bonds for FY 15 for the state projects and grant programs listed in Table 1. The bonds are subject to standard issuance procedures and have a maximum term of 20 years.

The act includes a standard provision requiring that, as a condition of bond authorizations for grants to private entities, each granting agency include repayment provisions in its grant contract in case the facility for which the grant is made ceases to be used for the grant purposes within 10 years of the grantee receiving it. The required repayment is reduced by 10% for each full year that the facility is used for the grant purpose.

Table 1: GO Bond Authorizations for FY 15

§	AGENCY	FOR	FY 15
Grants			
9(e)	DECD	Connecticut Manufacturing Innovation Fund; earmarks \$5 million for a grant to the Connecticut Center for Advanced Technology for research and development of advanced composite materials machining	30,000,000
		Grant to Northeast Connecticut Economic Development Alliance	2,000,000
		Grants to nonprofit organizations sponsoring cultural and historic sites	10,000,000
		Grants to nonprofit organizations sponsoring children’s museums, aquariums, and science-related programs; earmarks (1) \$10.5 million for a grant to the Connecticut Science Center and (2) \$6.6 million for a grant to the Maritime Aquarium in Norwalk	17,100,000
		Grant to the Hartford Economic Development Corporation for grants and revolving loans to small and minority-owned businesses in urban areas	5,000,000

§ 22-23, 32-35, 40 & 88 – REGENERATIVE MEDICINE RESEARCH FUND

The act broadens the scope of the existing Stem Cell Research Fund to include regenerative medicine and renames the fund the Regenerative Medicine Research Fund to reflect this new scope. It defines “regenerative medicine” as the process for creating living, functional tissue to repair or replace tissues or organ function lost due to aging, disease, damage, or congenital defects. Regenerative medicine includes basic stem cell research.

The act shifts the administrative responsibility for the fund from DPH to CII. CII is the state’s quasi-public economic development agency that, among other things, invests venture capital in new and established businesses developing new technologies. It allows CII to use up to 4% of the fund’s FY 15 funding to pay or reimburse its administrative costs. The act also authorizes CII to enter into agreements with other entities, including other states and countries, to increase research collaboration opportunities for grant recipients. It makes many technical changes conforming to the fund’s broadened scope and modified administrative structure.

The act (1) authorizes up to \$40 million in new GO bonds for the fund, \$10 million each year from FYs 16 through 19, and (2) transfers an existing \$10 million bond authorization from DPH to CII for the fund. It also extends, from FY 15 to FY 19, the requirement that at least \$10 million be available each year from the fund for the grants.

EFFECTIVE DATE: October 1, 2014, except for the (1) provision authorizing new bonds for the fund, which is effective July 1, 2015, and (2) provisions concerning CII’s administrative costs and transferring an existing bond authorization, which are effective July 1, 2014.

Regenerative Medicine Research Advisory Committee

Purpose. Under prior law, the Stem Cell Research Advisory Committee reviewed and recommended stem-cell research grants from the fund and performed related duties, including developing grant applications and requiring eligible institutions seeking research grants to describe themselves, their plans for stem cell research, and the possible financial benefits to the state resulting from their research.

The act renames the committee the Regenerative Medicine Advisory Committee and requires it to perform these duties with respect to regenerative medicine. It also requires the committee to direct CII's chief executive officer (CEO), instead of the DPH commissioner, on awarding grants, which she must do after considering the recommendations of the peer review committee described below.

Composition. The act retains the advisory committee's existing structure, but changes its composition to reflect its broader scope. It (1) keeps the DPH commissioner (or her designee) on the committee but removes her as chairperson and (2) adds CII's CEO (or her designee) to the committee, increasing its membership from 17 to 18, and making the CEO or her designee its chairperson.

The act retains the existing appointing authorities but changes the qualifications of the members they must appoint to reflect the inclusion of regenerative medicine research, as shown in Table 2.

Table 2: Regenerative Medicine Research Advisory Committee Composition

Appointing Authority (number of appointees)	Qualifications under Prior Law	Qualifications under the Act
Governor (four)	Two nationally recognized active investigators in stem cell research One with background and experience in bioethics One with background and experience in ethics	One with background and experience in stem cell or regenerative medicine research Three with background and experience in business or financial investments
Senate president pro tempore and House speaker (two each)	Background and experience in private sector stem cell research and development (R&D)	Background and experience in regenerative medicine R&D
House and Senate majority leaders (two each)	Academic researchers specializing in stem cell research	Academic researchers specializing in regenerative medicine research
Senate minority leader (two)	Background and experience in private- or public-sector stem cell R&D or related research fields	Background and experience in private- or public-sector regenerative medicine R&D or related research fields
House minority leader (two)	Background or experience in business or financial investments	One with background and experience in bioethics One with background or experience in business, law, or ethics

Duties. The act realigns the committee's duties to encompass regenerative medicine research, adds a new requirement, and makes conforming technical changes. It requires the committee to prepare a comprehensive strategic plan for the research fund and grant awards. At a minimum, the plan must identify methods or strategies to achieve the fund's economic development objectives, build capacity for innovation, and sustain the money invested in the fund. The act does not establish a deadline for completing the plan.

CII Support. Under prior law, CII had to assist the committee in (1) developing and reviewing grant applications, (2) preparing and executing funding agreements, and (3) performing other administrative duties. The act instead requires CII to perform these tasks in consultation with the committee. (Existing law, unchanged by the act, requires the committee to develop the grant application itself.)

CII must also, in consultation with the committee, review the committee's recommendations and develop performance metrics and data collection systems. Specifically, CII must collect data from grant recipients on their employment statistics; business accomplishments and outcomes; peer-reviewed articles and published papers; partnerships and collaborations with other entities; licenses, patents, and invention disclosures; intellectual property developed with the grant that was put to commercial use; and research funds from other sources.

Regenerative Medicine Research Peer Review Committee

Purpose. The act renames the Stem Cell Research Peer Review Committee the Regenerative Medicine Research Peer Review Committee, changing its composition and purpose to reflect the inclusion of regenerative medicine research.

Composition. The act changes the qualifications and appointing authority of the committee members, also reflecting its emphasis on regenerative medicine research. Beginning October 1, 2014, it shifts, from the DPH commissioner to the CII CEO, authority to appoint the committee's five-member and eliminates the commissioner's authority to appoint up to 10 additional members to review grant applications. But members previously appointed by the DPH commissioner may continue serving on the committee until their terms expire.

The CII appointees must (1) have demonstrated knowledge and understanding of the ethical and medical implications of regenerative medicine research or related research fields, (2) have practical research experience in these research areas, and (3) work to advance regenerative medicine research. Under prior law, the DPH appointees had to meet these criteria with respect to stem cell research. The appointees serve four-year terms, except for the first three, whose initial terms are for two years. Like the DPH appointees, these appointees cannot serve more than two consecutive four-year terms nor concurrently serve on the Regenerative Medicine Advisory Committee. The law's existing requirements regarding attendance, ethics, and conflicts of interest also apply to them.

Duties. By law, the peer review committee considers grant applications and makes recommendations about their ethical and scientific merit. Under the act, the committee must make these recommendations to the advisory committee alone, rather than to both the committee and the DPH commissioner.

The act extends to the reconstituted committee the requirement that its members make themselves aware of the National Academies' Guidelines for Human Embryonic Stem Cell Research and use them to evaluate each grant application. But it eliminates a requirement that the committee make recommendations to the advisory committee and the DPH commissioner about adopting any or all of these guidelines in regulations.

Compensation. The act changes the funding source for compensating committee members for their reviews. Under prior law, the funds came from the Stem Cell Research Fund, and the

compensation rate was determined by the DPH commissioner in consultation with DAS and OPM. Under the act, CII compensates the members with its funds at a rate its board of directors sets.

§§ 77-81, 83-87, 89-90, 93-96, & 99 – Changes to FY 15 Bond Authorizations

The act changes certain FY 15 GO and STO bond authorizations enacted in 2013 (PA 13-239 and PA 13-268), as listed in Tables 4 and 5.

Table 4: Changes to FY 15 GO Bond Authorizations Enacted in 2013

§	Agency	For	Auth. for FY 15	Change	Total Auth. For FY 15
99	DECD	Grants (\$500,000 each) to (1) the Metropolitan Economic Development Commission to create elderly housing, (2) the John E. Rogers African American Cultural Center to convert the former Northwest-Jones School to a cultural center, and (3) Catholic Charities of Hartford to create affordable housing with supportive services	1,500,000	(1,500,000)	0

§§ 36-39 – CONNECTICUT BIOSCIENCE INNOVATION FUND

The act requires the Bioscience Advisory Committee’s 13 members to adhere to the Code of Ethics for public officials. The code includes, among other things, limits on accepting gifts and outside employment and prohibits certain actions if they constitute a conflict of interest.

The committee oversees the Connecticut Bioscience Innovation Fund, which finances projects to improve the health care delivery system, lower health care costs, and create bioscience jobs. CII manages the fund, and under prior law, could use it to cover the administrative costs of providing this service. The act eliminates this authority, requiring CII to absorb these costs with its own funds.

EFFECTIVE DATE: October 1, 2014

§§ 47-49 – CONNECTICUT MANUFACTURING INNOVATION FUND

The act establishes the Connecticut Manufacturing Innovation Fund, administered by DECD, to provide financial assistance to targeted disciplines and industries that are likely to improve or develop commercial products, make businesses more competitive, and create jobs. Businesses, nonprofits, and other organizations may apply for the assistance, which can be in the form of grants, loans, equity, or vouchers and must help develop manufacturing equipment, educate and train workers, or support research, among other things. The fund must give priority to companies and organizations located in certain economic development areas.

The act creates an 11-member Manufacturing Innovation Advisory Board to, among other things, (1) create an application and approval process for financial assistance and (2) approve fund expenditures, budgets, and reports.

The act capitalizes the fund by authorizing up to \$30 million in state GO bonds for it (see § 9(e)).

EFFECTIVE DATE: Upon passage

Fund Assets

The act establishes the fund as dedicated, nonlapsing, and separate from the General Fund. The fund must contain (1) money the law requires or permits to be deposited in it; (2) repayments of vouchers from the fund (see below); (3) private contributions, donations, gifts, grants, bequests, or devises received; and (4) any local, state, or federal funds received. The treasurer must invest the money held by the fund, and not obligated for financial assistance, as she sees fit, including in banks, investment funds, and state and federal bonds, among other investments. Investment earnings on the fund's assets become part of the fund.

Use of Fund

Any money held in the fund must be used to provide financial assistance to approved eligible recipients or reimburse DECD for its administrative costs.

Under the act, an "eligible recipient" for financial assistance is (1) an aerospace, medical device, or other company or nonprofit organization specializing in or providing technologically advanced commercial products or services; (2) an entity desiring to leverage federal grant funds to support manufacturing advancement; or (3) a state- or federally certified education or training program designed to meet future workforce needs.

The fund's financial assistance can be in the form of grants, credit extensions, loans, loan guarantees, equity investments, or other forms of financing. It must be used for:

1. further developing or modernizing manufacturing equipment,
2. supporting manufacturing advancements,
3. supporting advanced manufacturing research and development,
4. supporting expansion and training by eligible recipients,
5. attracting new manufacturers to the state,
6. supporting education and training programs that help meet future workforce needs,
7. matching or leveraging federal funds to help Connecticut universities and nonprofit organizations increase research efforts, and
8. funding a voucher program for technical assistance (see below).

Financial assistance recipients must use funds for costs related to facilities, necessary furniture, fixtures and equipment, tooling development and manufacture, materials and supplies, proof of concept or relevance, research and development, compensation, apprenticeships, or other costs that the advisory board deems eligible.

Voucher Program. The act allows the advisory board to establish a voucher program to help recipients access technical experts at universities, nonprofits, and other organizations that can provide specialized expertise to help solve engineering, marketing, and other challenges. DECD may adopt regulations to implement the program.

Targeted Disciplines and Priority Consideration. Any financial assistance awarded from the fund must target the aerospace, medical device, composite materials, digital manufacturing, and other technologically advanced commercial products and services' supply chains and related disciplines. These supply chains and related disciplines must also (1) be likely to improve or develop commercial products that advance the state of technology and the recipient's competitive position and (2) promise to directly or indirectly grow jobs in the state in related fields.

DECD, in consultation with the advisory board, must give priority to proposals from any company that is located in or plans to relocate to (1) a distressed municipality, (2) a targeted investment community, (3) a public investment community, (4) an enterprise zone, or (5) a manufacturing innovation district. The act allows DECD to establish, in consultation with the advisory board, “manufacturing innovation districts” in order to promote the department’s economic development priorities. It does not specify the number or size of districts that may be established, nor does it provide criteria for selecting them.

Manufacturing Innovation Advisory Board

Composition. The act creates an 11-member advisory board to oversee the fund. The board consists of 10 appointed members and the DECD commissioner, or her designee, as chairperson. The governor must appoint four members, and the six legislative leaders must each appoint one. Each board member serves a term coterminous with his or her appointing authority and holds his or her position on the board until a successor is appointed. Any vacancy that occurs, other than by the expiration of a term, must be filled in the same way as the original appointment for the remainder of the term. All initial appointments to the advisory board must be made by July 1, 2014.

Qualifications. Each appointee must:

1. have skill, knowledge, and experience in industries and science related to aerospace, medical devices, digital manufacturing, digital communication, or advanced manufacturing;
2. be a university faculty member, or hold a graduate degree, in a related discipline;
3. have manufacturing education and training expertise; or
4. represent manufacturing-related business or professional organizations.

Meetings. The chairperson must call the first meeting by September 30, 2014 and future meetings as he or she deems necessary. A majority of members constitutes a quorum for exercising the board’s powers, and the board may act by majority vote at any meeting at which a quorum is present.

Compensation and Conflicts of Interest. The act prohibits paying advisory board members for their service but allows reimbursement for actual and necessary expenses incurred in performing their duties. The act specifies that, regardless of law, it is not a conflict of interest for a trustee, director, partner, officer, manager, shareholder, proprietor, counsel, or employee of an eligible recipient, or an individual with a financial interest in an eligible recipient, to serve as a member of the advisory board, provided he or she abstains from acting, deliberating, or voting on any matter concerning the eligible recipient.

Application and Approval Process. The act requires the advisory board to establish an application and approval process with guidelines and terms for financial assistance awarded from the fund. These guidelines and terms must:

1. require any applicant for financial assistance to operate, in whole or in part, in the state or propose to relocate to the state in whole or in part;
2. limit the amount of financial assistance that can be awarded in the form of loans or grants;
3. include eligibility requirements for loans and grants, including a requirement to match state funds with funds from nonstate sources;
4. create a preliminary review process to be carried out by DECD before presenting proposals to the board;

5. include return on investment objectives, such as job growth and leveraged investment opportunities; and
6. include any other guidelines the advisory board determines to be necessary and appropriate.

Fund Expenditures. With one exception, the act requires the advisory board to approve all of the fund's expenditures. The act appears to exempt expenditures made to DECD to cover its administrative costs, but it contains an incorrect statutory reference regarding those reimbursements.

It requires the board to approve expenditures for: (1) specific purposes; (2) budgeted amounts, with variations the board authorizes when it approves the budget; and (3) financial assistance to eligible recipients, subject to any limits, eligibility requirements, or conditions the board may impose. However, it may delegate to DECD staff the authority to approve transactions of up to \$100,000.

DECD's Fund Administration Duties

The act requires DECD to provide necessary staff, space, office systems, and administrative support to operate the fund. In administering the fund, it may exercise all of its statutory powers, so long as fund expenditures are properly approved, as described above.

Beginning July 1, 2015, DECD must prepare, for each fiscal year, an annual operating plan and operating and capital budget for the fund. It must submit these documents to the advisory board for review and approval at least 90 days before the start of each fiscal year.

Under the act, the fund must pay for or reimburse DECD's administrative costs. These costs include peer reviews, professional fees, allocated staff costs, and other out-of-pocket costs DECD attributes to operating and administering the fund. The act limits the total reimbursement for these costs to 5% of the fund's total annual allotment, as specified in the operating budget.

Reporting Requirement

The act requires DECD to submit a report on the fund's activities annually, beginning January 1, 2016, to the advisory board for approval. After approving the report, the advisory board must submit it to the Commerce Committee. The report must contain information on the status and progress of the fund's operations and funding, financial assistance awarded, and any returns on investment (e.g., principal or interest payments and returns on equity investments).

Public Act# 14-217

HB# 5597

AN ACT IMPLEMENTING PROVISIONS OF THE STATE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015

SUMMARY: This act makes changes to implement the state budget for FY 15 as well as many other unrelated changes. Among its major provisions, the act:

8. establishes a legal framework for forming a for-profit corporation that both pursues social benefits and increases value for its shareholders (benefit corporation or b-corp) (§§ 140-157);

§ 47 – DRY CLEANING ESTABLISHMENT REMEDIATION PROGRAM

The act eliminates the annual transfer of funds from the dry cleaning remediation account to the Department of Economic and Community Development (DECD) to cover DECD's administrative costs for the Dry Cleaning Establishment Remediation program. Under prior law, DECD annually received from the account the greater of \$100,000 or 5% of the account's maximum balance in the previous year.

The program provides grants for eligible dry cleaning businesses to prevent, contain, and remediate pollution from hazardous chemicals the businesses use. It is funded through a 1% surcharge on dry cleaning gross retail receipts.

EFFECTIVE DATE: July 1, 2014

§ 137 – TAX STUDY

Scope

The act requires the Finance, Revenue and Bonding chairpersons to convene a panel of experts to study the overall state and local tax structure. The panel must include experts in tax law, tax accounting, tax policy, economics, and business and government finance. It cannot include legislators.

The panel must consider and evaluate options to modernize tax policy, structure, and administration regarding:

1. efficiency,
2. administrative costs,
3. equity,
4. reliability,
5. stability and volatility,
6. sufficiency,
7. simplicity,
8. incidence,
9. economic development and competitiveness,
10. employment,
11. affordability, and
12. overall public policy.

The panel must consider these options' impact and the extent to which tax policy affects business and consumer decision-making. It must also evaluate the feasibility of the following options:

1. creating a tiered property tax payment system that includes any property owned by (a) the state; (b) an institution, facility, or hospital for which the state made a payment in lieu of taxes to the host municipality; or (c) a nonprofit entity;
2. assessing a "community benefit fee" on tax-exempt property;
3. taxing property owned by an institution, facility, or hospital for which the state made a payment in lieu of taxes; and
4. requiring such institutions, facilities, or hospitals to report the value of their real and personal property.

Appointment

The governor and the committee's chairpersons and ranking members must appoint the panel, which may consist of up to 15 members, by August 12, 2014. The panel must include the following eight nonvoting ex-officio members: the committee's chairpersons and ranking members, Senate president pro tempore, House speaker, OPM secretary, and revenue services commissioner.

The panel's voting members elect the panel's chairpersons at the first meeting, which the committee's chairpersons must convene by August 1, 2014.

Subcommittees

The panel must organize itself into subcommittees on (1) personal income taxes, including estate and gift taxes; (2) business taxes, including excise taxes; (3) consumer taxes; and (4) property taxes. The panel, with its chairpersons' approval, may invite additional experts to participate, without voting, in the subcommittees.

Report

The panel must submit its findings for further action and recommendations to the governor and the Finance, Revenue and Bonding Committee by January 1, 2015. It may recommend extending its deadline to no later than January 1, 2016.

EFFECTIVE DATE: Upon passage

§ 139 – HISTORIC HOMES TAX CREDIT

By law, DECD can issue up to \$3 million in tax credits per fiscal year for rehabilitating owner-occupied historic homes. It can issue the credits to (1) people who own, rehabilitate, and occupy the homes or (2) businesses that contribute funds for rehabilitating the historic homes that are or will be occupied by their owners. The homes must be located in certain designated areas. The act changes the locational criteria that were set to take effect on July 1, 2015 under prior law. Before that date, prior law required DECD to reserve all of the credits for homes located in:

1. census tracts in which at least 70% of the families have an income that is 80% or less of the statewide median;
2. chronically economically distressed areas, as designated by the state with federal approval; and
3. urban and regional centers in the state's current five-year plan of conservation and development (Conservation and Development Policies: The Plan for Connecticut 2013-2018).

Prior law required DECD to make the credits available statewide after July 1, 2015.

Beginning July 1, 2015, the act instead requires DECD to annually reserve 70% of the annual credit cap (\$2.1 million) for rehabilitating historic homes in the 24 municipalities designated as "regional centers" in the current five-year plan of conservation and development. These municipalities are Ansonia, Bridgeport, Bristol, Danbury, East Hartford, Enfield, Groton, Hartford, Killingly, Manchester, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Stamford, Torrington, Vernon, Waterbury, West Hartford, West Haven, and Windham. DECD must issue the remaining 30% of the annual credit cap statewide.

Regardless of their location, historic homes must continue to meet the law's other requirements to qualify for the credits. Specifically, they (1) may have no more than four units, one of which must be the owner's principal residence for at least five years after rehabilitation is completed, and (2) must be listed on the National or State Register of Historic Places or located in a district listed in either register. With respect to the latter, the commissioner must determine that the home contributes to the district's historic character.

EFFECTIVE DATE: July 1, 2015

§§ 140-157 – BENEFIT CORPORATION

The act establishes a legal framework for forming a for-profit corporation that both pursues social benefits and increases value for its shareholders (benefit corporation or b-corp). B-corps generally operate under the same laws as traditional corporations (business corporation laws (BCL)), but their corporate purpose includes doing things that generally benefit society and the environment or create specific public benefits.

B-corps' governance structure and accountability requirements align with their public benefit purpose. A b-corp's directors and officers must consider certain interests and constituencies when discharging their official duties. By law, the directors of a traditional corporation must discharge their duties in a way they reasonably believe addresses the corporation's best interests. In doing so, they may consider community and societal interests when deciding whether to approve certain actions, such as a merger or share exchange (CGS § 33-756).

The act specifies rules and procedures for (1) establishing and dissolving b-corps, (2) changing the specific public benefits they choose to create, (3) disposing of a b-corp's assets, and (4) merging or consolidating with traditional business entities or certain b-corps. It allows b-corps to include provisions in their bylaws and certificates of incorporation ensuring that their assets continue to serve a public purpose after they dissolve. The act requires b-corps to report annually on their social and environmental performance.

The act also provides a procedure for bringing an action against a b-corp for failing to create general or specific public benefits or for other violations. Eligible parties may use the procedure to seek orders directed at a b-corp's conduct, but not to obtain money damages.

Lastly, the act makes conforming and technical changes. EFFECTIVE DATE: October 1, 2014

§§ 142 & 155 – B-Corp as a Form of For-Profit Corporation

The act creates a legal framework for establishing for-profit corporations that must legally create public benefits, places it within the BCL, and specifies that b-corps are subject to the BCL, except that the act's specific provisions for b-corps supersede the BCL's general provisions. The authorization to form b-corps creates no implication that a different or contrary law applies to traditional corporations.

A b-corp's bylaws or certificate of incorporation cannot limit, conflict with, or supersede the act's provisions.

The act defines the relationship between a b-corp and various parties. It:

1. gives people no legal claims to the b-corp's income or assets simply because they might benefit from a b-corp's creation of general and specific public benefits,
2. imposes no obligations on b-corps to use their assets or property only for charitable purposes, and
3. does not deprive the attorney general of jurisdiction over b-corps under the BCL or other law.

The act extends statutory appraisal rights to a traditional corporation's shareholders when the corporation:

1. amends its certificate of incorporation to make it a b-corp,
2. merges with another corporation and the (a) surviving entity is a b-corp or (b) shares will be converted into a right to receive shares in a b-corp, or

3. exchanges its shares for those of a b-corp.

By law, certain shareholders have the right to have their shares appraised and purchased from them at the appraised price when a corporation (1) sells its assets, (2) merges or exchanges shares with another corporation, or (3) makes certain changes to its certificate of incorporation (CGS § 33-856(a)).

§§ 141 & 147 – General and Specific Public Benefits

The act authorizes b-corps to create two types of public benefits, specifying that doing so serves a b-corp's best interest. Under the act, all b-corps must have a purpose of creating a general public benefit, meaning that they aim to have a material positive impact on society and the environment, taken as a whole and assessed against a third-party standard (see below).

B-corps may also create one or more specific public benefits, which include:

1. providing low-income or underserved people or communities with beneficial products or services;
2. promoting economic opportunity for individuals or communities beyond creating jobs in the normal course of business;
3. protecting or restoring the environment;
4. improving human health;
5. promoting the arts, sciences, or advancement of knowledge;
6. increasing the flow of capital to other b-corps or similar entities whose purpose is to benefit society or the environment; and
7. conferring any other particular benefit on society or the environment.

B-corps choosing to create one or more of these specific public benefits must still create a general public benefit.

The general public benefit and any specific public benefit a b-corp chooses to create must be stated in its certificate of incorporation. The b-corp may subsequently add, change, or delete a specific public benefit, but must do so by a minimum status vote (see below).

Under the BCL, a traditional corporation's directors may consider specific non-corporate interests and concerns when determining whether certain actions are in the corporation's best interests. A director must discharge his or her duties (1) in good faith, (2) with the care an ordinarily prudent person would exercise in a similar situation, and (3) in a way he or she reasonably believes is in the corporation's best interests (CGS § 33-756(a)). In determining the corporation's best interest, the director may consider, among other things, (1) community and societal factors and (2) the interests of the corporation's employees, customers, creditors, and suppliers (CGS 33-756(d)).

§ 141 – Minimum Status Voting Requirement

The act establishes a voting requirement that must be met before certain actions are taken. These actions include changing a traditional corporation into a b-corp; amending a b-corp's certificate of incorporation; and entering into mergers and share exchanges involving b-corps and traditional corporations or non-corporate entities, such as partnerships.

Actions involving two or more b-corps or a b-corp and a traditional corporation require a separate vote of the shareholders of each class or series of shares, regardless of any limitations in the bylaws or the certificate of incorporation. The action must be approved by at least two-thirds of

the shareholders in each class or series as defined in the b-corp's certificate of incorporation, the BCL, or the act. This vote is in addition to any other approvals or votes.

If the action involves a merger between a b-corp and a partnership, limited liability company, or other non-corporate business entity (domestic entities), the vote for the business entity is a two-thirds vote of all equity holders in any series or class entitled to a distribution from the entity, regardless of any limitation on their voting or consent rights.

The act refers to these requirements as a "minimum status vote."

§§ 141, 143-145, & 147 – Creating a Benefit Corporation

Formation Options. The act allows parties to establish a new corporation as a b-corp or transform a traditional corporation into one, and it specifies how they must do so. By law, parties that want to establish a corporation must do so by filing a certificate of incorporation with the secretary of the state. Under the act, those establishing a new b-corp must also file with the secretary, indicating in the certificate that the corporation is a b-corp.

The board of directors of an existing corporation can change it into a b-corp by amending its certificate of incorporation to that effect, an action that must be approved by a minimum status vote.

Legacy Preservation Provision. The act allows b-corps to adopt a "legacy preservation provision" (LPP), a legal device ensuring that their assets continue to serve a public purpose if a b-corp dissolves. A b-corp must wait at least two years after its formation before it can choose to adopt an LPP and it must add the LPP to its certificate of incorporation. The LPP must require a dissolving b-corp to distribute its assets to one or more federal tax-exempt charitable organizations or other b-corps with an LPP.

Regardless of any limitations a b-corp's certificate of incorporation or bylaws impose on any shareholder's voting powers, the shareholders for all shares in all classes or series must unanimously vote for or approve in writing the adoption of the LPP. The adoption must also comply with the BCL's procedures for amending certificates of incorporation (CGS §§ 33-795 to 803).

§§ 141 & 144-146 – Mergers and Share Exchanges

The act's requirements for mergers and share exchanges vary depending on (1) whether a b-corp is subject to an LPP or (2) the types of business entities involved in the transaction.

Rules Affecting B-Corps. A b-corp subject to an LPP may merge or exchange shares with another b-corp that is, or will be, subject to an LPP, but each transaction must be approved by a minimum status vote. Mergers may only be those in which the (1) surviving entity is a b-corp subject to an LPP or (2) b-corp's shares are converted into the right to receive shares or other equity interests in the other b-corp.

B-corps without an LPP may merge or exchange shares with other non-LPP b-corps or traditional corporations, but the transaction must be approved by a minimum status vote if the:

1. surviving entity is a traditional corporation,
2. merger converts the b-corps' shares into the right to receive shares or other equity interests in a traditional corporation, or

3. b-corps' shares will be exchanged for those or other equity interests of a traditional corporation.

Rules Affecting Traditional Corporations and Other Business Entities. Under the act, a traditional corporation may merge or exchange shares with a b-corp if the corporation's shareholders approve the action by a minimum status vote. The vote is specifically required for mergers in which the (1) b-corp is the surviving entity or (2) corporation's shares will be converted into the right to receive the b-corp's shares. An exchange can involve shares or other equity interests of the corporation or entity.

The act also allows non-corporate entities to merge or exchange shares with b-corps. In these cases, an entity's equity owners are entitled to appraisal rights under the same procedures the BCL provides to the shareholders of a traditional corporation, but only if a minimum status vote is required to approve the transaction.

Assets and Dissolution. The act allows b-corps to sell, lease, exchange, or otherwise dispose of their assets, but the requirements for doing so vary depending on whether a b-corp is subject to an LPP. A b-corp with an LPP cannot take any of these actions unless the (1) assets are going to a charitable organization or another b-corp subject to an LPP and (2) disposition is approved by a minimum status vote.

A b-corp without an LPP needs such a vote only for dispositions that would leave it without any significant business activity.

In both instances, the disposition requirements do not apply to transactions occurring during a b-corp's regular business operation.

Terminating a B-Corp. As noted above, a b-corp with an LPP cannot dissolve without distributing its assets to one or more charitable organizations or other b-corps subject to LPPs. A b-corp without an LPP may terminate its status as a b-corp by amending its certificate of incorporation to delete the provision that identifies it as a b-corp, a change that must be approved by a minimum status vote.

§§ 148 & 156 – Benefit Corporation Directors

Decision-Making Factors. The act specifies the interests and factors b-corp directors must consider when discharging their duties individually or collectively as a board or committee member. A director must specifically consider how a corporate action affects:

1. the b-corp's shareholders;
2. the employees and workforce of the b-corp and its subsidiaries and suppliers;
3. the interests of the b-corp's customers as beneficiaries of the b-corp's general and specific public benefits;
4. community and societal factors, including those of each community in which offices or facilities of the b-corp or its subsidiaries or suppliers are located;
5. the local and global environment;
6. the b-corp's short- and long-term interests, including benefits that may accrue from its long-term plans and the possibility that these interests may best be served by its continued independence; and
7. the b-corp's ability to accomplish its general and specific public benefit purposes.

By law, the directors of traditional corporations may consider similar factors in certain situations, such as a merger proposal (CGS § 33-756(d)).

The directors, individually or collectively, may also consider (1) any other interests the BCL allows them to consider in particular circumstances and (2) other pertinent factors or interests of any other group they deem appropriate.

When considering the act's factors, directors do not have to rank the interest of any particular person or group over others, unless the certificate of incorporation requires them to do so.

Immunities. Under the act, the directors do not violate their duties under the BCL when they consider the above interests and factors. Their authority to consider them is in addition to their authority to consider those specified in the BCL.

The act further specifies the conditions under which the directors are not personally liable to anyone, including those parties authorized to bring a benefit enforcement action (see below). Under the act, they are not liable for anything they did or failed to do while acting as directors in compliance with the act and the BCL. Nor are they liable for the b-corp's failure to create a general public benefit or any of its specific public benefits.

Lastly, b-corp directors have no duty to anyone whose only connection to the b-corp is that he or she benefits from its general or specific public benefits.

§ 150 & 157 – B-Corp Officers

The act requires b-corp officers to consider the same interests and factors that directors must consider if (1) they have discretion to act on the matter under consideration and (2) it reasonably appears to an officer that the matter could materially affect the b-corp's ability to create its general or specific public benefit. A b-corp officer acting in these circumstances does not violate the BCL.

B-corp officers enjoy the same immunities from personal liability as b-corp directors and, like directors, have no duty to mere beneficiaries of the b-corp's beneficial activities.

§§ 141 & 149 – Benefit Director

Designation. The board of directors of a publically traded b-corp must, and the board of all other b-corps may, include a designated "benefit director" responsible for preparing a status and compliance opinion for inclusion in the b-corp's annual benefit report. The act specifies that the benefit director has all the powers, rights, duties, and immunities the act specifically granted to a benefit director, in addition to those it grants to the other board members.

A benefit director may be designated in one of two ways. The board may elect one of its members to that position and may remove the member according to the BCL's provisions for electing or removing board members. A benefit director may also be anyone, including a non-board member, authorized to manage the b-corp's business and affairs under a shareholder agreement that complies with the BCL (CGS § 33-717). The agreement must specifically assign to this person some or all of the powers, duties, and rights the act assigns to a benefit director.

In either case, a benefit director must not have a "material relationship" with the b-corp, which generally means that the director may not:

1. be or have been an employee of the b-corp or a subsidiary within three years;

2. be immediately related to any current executive director or one from the b-corp's or subsidiary's previous three years; or
3. generally (a) own 5% or more of the b-corp's shares, (b) own 5% or more of an entity that owns 5% or more of the b-corp, or (c) hold a controlling position (such as a manager) in such entity.

A benefit director's current or previous service as the b-corp's or subsidiary's benefit director or benefit officer (see below) does not constitute a material relationship to the b-corp or its subsidiary. The b-corp's certificate of incorporation, bylaws, or shareholder agreement may impose additional qualifications as long as they are consistent with the requirement that the benefit director have no material relationship with the b-corp or its subsidiaries.

Liability. The act distinguishes the roles of director and benefit director, providing more protection from liability for the latter. When a director acts in his or her capacity as the benefit director, the director is not personally liable for things he or she did or failed to do unless they constitute self-dealing, willful misconduct, or a knowing violation of the law.

§§ 141, 149, & 151 – Benefit Officer

The act allows a b-corp to designate a “benefit officer” to prepare its annual benefit report and exercise all the powers and duties related to creating its general and specific public benefits, as specified in the bylaws or the board's orders or resolutions. A benefit officer exercising these powers and duties does not create a material relationship with the b-corp. As a b-corp officer, the benefit officer enjoys the same immunities as the other officers. A benefit director may simultaneously serve as the benefit officer.

§§ 141 & 152 – Benefit Enforcement Proceeding

Under the act, a b-corp or its shareholders may bring a benefit enforcement action for (1) failing to create a general public benefit or an identified specific public benefit or (2) violating an obligation, duty, or standard of conduct the act specifies, such as violating the shareholders' appraisal rights (see above). Parties may bring an action to order a b-corp to act or refrain from acting, but not for money damages.

The b-corp may start a benefit enforcement proceeding directly against its directors or officers. One or more of its shareholders may also start one against the b-corp or its directors or officers if, when the complained act or omission occurred, they (1) generally owned at least 5% of the b-corp's shares or (2) owned at least 10% of the entity that owns or controls the b-corp as a subsidiary. Beneficial owners of shares held in a voting trust or by a nominee may also start a proceeding, as can other groups, if the b-corp's bylaws or certificate of incorporation allows them to do so.

§§ 141, 149, 153, & 154 – Annual Benefit Report

Content. The act requires a b-corp to prepare an annual benefit report for its shareholders describing:

1. how the b-corp pursued its general public benefit purpose during the year and the extent to which a general public benefit was created;
2. how the b-corp pursued its chosen specific public benefit purposes, if any, and the extent to which any specific public benefit was created;
3. any circumstances that hindered creating a general public benefit or any specific public benefit; and

4. the process and rationale for selecting or changing the third-party standard (see below) used to prepare the benefit report.

The report must assess the b-corp's overall social and environmental performance against a third-party standard, either:

1. applied consistently with any application of that standard in prior benefit reports or
2. with an explanation of the reasons for any inconsistent application or the change to that standard from the one used in the most recent prior report.

It must also provide the benefit director's opinion on:

1. whether the b-corp acted according to its general public benefit purpose and any chosen specific public benefit purposes in all material respects during the reporting period;
2. whether the directors and officers complied with their duties under the act; and
3. if the b-corp or its directors or officers failed to do so, how.

The report must state any connection between the organization that established the third-party standard and the b-corp. This requirement applies to a connection between the organization's directors, officers, or any holder of 5% or more of the voting power or capital interests in the organization, and the b-corp's directors, officers, or anyone holding at least 5% of the b-corp's outstanding shares. It includes any financial or governing relationship that might materially affect the third-party standard's credibility.

The report must provide each director's annual compensation for serving as a director and the names and mailing addresses, if any, of the benefit director and benefit officer.

Lastly, if the benefit director or officer resigned, was removed, or refused to be reelected, the report must include any written statement or correspondence from that director or officer on the circumstances of his or her departure.

Neither the report nor the performance assessment it contains needs to be audited or certified by the third-party standard provider.

Report Distribution. The b-corp must send each shareholder a copy of the annual report within 120 days of the fiscal year's end or together with any other annual report it provides to shareholders, whichever is earlier. It must post and maintain each annual benefit report on its public website, but may omit any financial, confidential, or proprietary information, including directors' compensation.

If the b-corp has no website, it must provide a copy of its most recent annual benefit report to anyone who requests one, at no charge. It may omit compensation, financial, confidential, or proprietary information.

§§ 141 & 153 – Third-Party Standard

Under the act, a b-corp's performance must be annually assessed against a recognized third-party standard for defining, reporting, and assessing corporate social and environmental performance. The standard must address the b-corp's impact on its employees, workforce, subsidiaries, suppliers, and customers; the communities in which it operates; and the local and global environment. It must have been developed by an entity with no "material relationship" to the b-corp (see §§ 141 & 149 – Benefit Director, above). The standard must allow the public to know:

1. the identity of the people and organization that developed and control revisions to the standard;
2. the process for revising the standard;
3. how changes to the organization's governing body are made; and
4. where the entity derives its revenue and financial support, and in what amounts, so that any potential conflicts of interests are identifiable.

The act requires a b-corp to select its third-party standard. But a b-corp cannot select or change its standard without approval from (1) the greater of (a) a majority of its directors or (b) the number of directors needed per the bylaws or certificate of incorporation or (2) a vote or written consent of the shareholders who must, under the bylaws or certificate of incorporation, approve such actions.

§§ 165-168 – CERTIFIED HISTORIC STRUCTURE REHABILITATION TAX CREDITS

Consolidated Programs

The act consolidates two DECD programs that provide tax credits to people and business entities rehabilitating certain historic structures. It sunsets the former, separate programs by barring the DECD commissioner from reserving tax credits under them starting July 1, 2014. Taxpayers awarded credits under these programs before that date may continue to carry forward and claim unused credits for up to five years, as the law allows.

The consolidated program, which starts on July 1, 2014, contains many elements of the separate programs. The act retains their current tax credit amount of 25% of eligible expenditures (30% of these expenditures for projects that include affordable housing) but imposes new project and annual program caps. As under prior law, the credits are applied against insurance premium, corporation business, air carrier, railroad company, cable and satellite TV, and utility company taxes.

Eligible Property

As under prior law, to be eligible for rehabilitation, properties must be (1) listed individually on the National or State Register of Historic Places or (2) located in a district listed on either register and certified by the state historic preservation officer as contributing to the district's historic character.

Eligible Reuses

The separate and the consolidated programs base eligibility for the credits on the historic status of the property and how it will be used after rehabilitation. One of the sunsetted programs provides credits for rehabilitating historic property for residential reuse (five or more units), while the other program provides credits for rehabilitating historic property for mixed or strictly nonresidential reuses.

The consolidated program combines both types of reuse. But the consolidated program, like the separate programs, bases eligibility on a definition specifying the range of eligible reuses (certified rehabilitation) not referred to in the provisions governing approval of proposed projects. Consequently, a project proposing to rehabilitate a certified historic structure qualifies for a tax credit regardless of its proposed reuse.

Applying for Credits

As under prior law, to seek a tax credit before beginning rehabilitation work, the owner must submit certain information to the state historic preservation officer. The act requires that this

include a plan for a determination of whether the rehabilitation work meets the U.S. interior secretary's Standards for Rehabilitation (36 CFR 67), instead of state standards. As under prior law, the owner also must submit:

1. a complete description of each phase of rehabilitation, if the work is to be completed in phases;
2. an estimate of qualified rehabilitation expenditures; and
3. for projects that include affordable housing units, the number of affordable housing units to be created, their proposed rents or sale prices, and the median income of the municipality where the project is located.

For projects including affordable units, the owner must also submit this information to the Housing Department. As under prior law, the act allows DECD to charge an applicant up to \$10,000 to cover the programs' administrative costs.

Credit Amounts and Caps

The owner can claim tax credits in the tax year in which a certified historic structure has been rehabilitated to a point that would allow for occupancy of the entire building or an identifiable portion of it. As under the sunsetted programs, the credits equal (1) 25% of a project's qualified rehabilitation expenses or (2) 30% of these expenses if at least (a) 20% of the units are rental units that qualify as affordable housing or (b) 10% of the units are individual homeownership units that qualify as affordable housing. Under the act, for DECD to reserve these credits, the rehabilitation plan must conform to the federal rehabilitation standards mentioned above, rather than state standards. As under prior law, qualified rehabilitation expenses include physical construction costs but not (1) the owner's personal labor; (2) the costs of a new addition, except as required to comply with the state building or fire codes; and (3) non-construction costs (e.g., architectural, legal, and financing fees).

The act caps the total amount of tax credits DECD may reserve under the consolidated program at \$31.7 million per year, and caps at \$4.5 million the amount of tax credits a project may receive. Prior law capped the total annual amount of tax credits under the sunsetted residential program at \$15 million and set the individual cap at \$2.7 million. It capped the total annual amount under the sunsetted mixed use program at \$50 million for a three-year period, and capped the individual project limit at \$5 million.

Affordable Housing Units

The act requires the housing commissioner to review tax credit applications for projects containing affordable housing and issue a certificate if she finds the application contains such housing. As under prior law, no tax credit may be allocated for projects that include affordable housing unless the commissioner issues such a certificate.

By law, the housing commissioner may charge an applicant a fee of up to \$2,000 to cover the cost of reviewing affordable housing applications. The act specifies that this fee is in addition to the maximum administrative fee of \$10,000 that DECD may charge applicants rehabilitating certified historic structures.

As under prior law, the housing commissioner must monitor affordable housing projects built under the act to ensure they are maintained as affordable for at least 10 years, and may require deed restrictions or other fiscal mechanisms to ensure compliance with project requirements. Also, as under prior law, she may adopt regulations, which must include such provisions.

The new program does not include a credit recapture requirement, which was part of the previous mixed-use program. Under prior law, an owner who did not complete the residential portion of a mixed-use property by the date specified in the rehabilitation plan had to repay the entire credit.

Multiple Owners

If a credit is allowed for rehabilitation of a structure that has more than one owner, the act requires the credit to be passed through to such owners, or people designated as partners or members of such owners, (1) on a pro rata basis or (2) according to an agreement among the owners, partners, or members, documenting an alternative distribution method without regard to other tax or economic attributes of the owners. An owner is a person, firm, limited liability company (LLC), nonprofit or for-profit corporation, or other business entity or municipality with title to a historic structure and undertaking its rehabilitation.

Using Credits

The act requires DECD to annually provide to the Department of Revenue Services (DRS) a list detailing (1) the credits approved for the most recent fiscal year and (2) all sales, assignments, and transfers made for that year. It allows DECD to adopt regulations to carry out its purposes, including provisions for filing applications, rating criteria, and timely approval by the department.

As under prior law, unused credits may be carried forward for up to five years. As under the sunsetted programs, the act allows an owner to sell, assign, or otherwise transfer tax credits, wholly or partially, but it limits to three the number of such transfers. The act adds reporting components not found in the previous programs. If a credit is transferred, whether by the owner or a subsequent transferee, the transferor and transferee must jointly notify DECD in writing within 30 days of the transfer. The notification must include the:

1. transferor's and transferee's tax identification numbers,
2. credit voucher number,
3. date of the transfer,
4. amount of the credit transferred,
5. tax credit balance before and after the transfer, and
6. any other information DECD requires.

Failure to comply results in DECD disallowing the tax credit until the transferor and transferee fully comply and, for a second and third transfer, all subsequent transferors and transferees comply.

Reporting

The act requires DECD, by October 1, 2015 and each year afterwards, to report to the Commerce and Finance, Revenue and Bonding committees on the total amount of tax credits reserved for the previous fiscal year under the act. The reports must include, for each project for which a tax credit has been reserved:

1. the total project costs;
2. for projects eligible for 25% of qualified rehabilitation expenses, (a) the value of the tax credit reservation; (b) a statement of whether the reservation is for mixed use and, if so, the proportion of the project that is not residential; and (c) the number of residential units to be created; and
3. for projects eligible for 30% of qualified rehabilitation expenses, the (a) value of the reservation and (b) percentage of residential units that will qualify as affordable housing.

EFFECTIVE DATE: July 1, 2014, except the tax credit provisions are applicable to income years starting on or after January 1, 2014.

§ 177 – DESIGNATION OF AREAS WITHIN THE TOWNS OF WALLINGFORD AND THOMASTON AS ENTERPRISE ZONES

The act creates two additional enterprise zones by requiring the DECD commissioner to approve the designation of zones in Wallingford and Thomaston beginning July 1, 2014. The act describes these municipalities respectively as having a population (1) of up to 50,000 in which a U.S. Postal Service processing center that at any time employed at least 1,000 people is located and (2) between 7,800 and 7,900 and an area of up to 12.2 square miles.

The area in Wallingford can only be designated as an enterprise zone for five years from the date any portion of the designated zone is transferred, provided the transfer occurs on or after July 1, 2014.

Generally, municipalities must be considered “distressed municipalities” to designate an area as an enterprise zone, and the designated area must meet certain poverty or unemployment criteria. The act allows Wallingford and Thomaston to designate areas as enterprise zones without meeting these criteria.

Under the act, the areas designated as enterprise zones in Wallingford and Thomaston must consist of two contiguous census tracts, contiguous portions of such tracts, or all or a portion of an individual census tract, according to the most recent census. If a designated area is covered by zoning, a portion of the area must be zoned for commercial or industrial activity. Businesses located in these zones receive the same benefits as those in existing enterprise zones, including property and real estate conveyance tax exemptions for developing facilities and a 10-year corporation business tax credit for newly formed businesses in the zones.

§ 212 – SOUTHEASTERN CONNECTICUT BIOSCIENCE BUSINESS DEVELOPMENT PROGRAM

The act creates a program to promote the development of bioscience and biotechnology businesses in the Southeastern Connecticut Planning Region. It does so by requiring DECD to (1) develop such a program, in consultation with Connecticut Innovations, Inc., Connecticut United Research for Excellence, Inc., the Southeastern Connecticut Enterprise Region, the Chamber of Commerce of Eastern Connecticut, and other organizations in the region with expertise in fundraising, networking, marketing, and forming or assisting start-up businesses, and (2) establish and administer the program by February 1, 2015.

By February 1, 2017, DECD must include a report on the program in its annual report.

Program Requirements

The program must include:

1. outreach to entrepreneurs, regional community and business leaders, and bioscience and biotechnology experts to (a) determine their needs and objectives and (b) inform them of state resources and programs available to help form bioscience and biotechnology businesses in the planning region;
2. a marketing plan for bioscience and biotechnology development in the region, including the goals, timetable, and budget for the plan and how the organization will identify and market regional assets, such as the region’s facilities and talent pool; and

3. a working group of 10 to 15 business and community leaders from the planning region that will encourage networking and planning among professionals from different fields, support the development and occupancy of the incubator at CURE Innovation Commons, assess the program, and make recommendations to DECD on its development and implementation.

EFFECTIVE DATE: October 1, 2014

§ 251 – MANUFACTURING APPRENTICESHIP TAX CREDITS

Existing law allows eligible corporations to earn tax credits for employing apprentices receiving training in manufacturing, plastics, plastics-related, or construction trades. Corporations may apply the credits against their corporation income taxes.

Beginning with income years commencing on or after January 1, 2015, the act allows S corporations, LLCs, limited liability partnerships, and limited partnerships (i.e., pass-through entities) to earn apprenticeship tax credits for manufacturing trades and sell, assign, or transfer them to other taxpayers, including corporations that may in turn claim the tax credits to reduce their corporation tax liability. By law, pass-through entities do not pay corporation income taxes; rather, (1) their owners, shareholders, and partners pay personal income taxes on their share of the income the business generates and (2) the entities pay the business entity tax.

The act allows pass-through entities to transfer the credits, in whole or in part, to one or more taxpayers. The credits may be transferred up to a total of three times.

EFFECTIVE DATE: July 1, 2015

Special Act# 14-16

HB# 5516

AN ACT CONCERNING A STUDY OF KITCHEN INCUBATORS

The Commissioner of Economic and Community Development shall conduct a study of the kitchen incubator programs established in the states of New Jersey, New York and Vermont. On or before January 1, 2015, the commissioner shall report, in accordance with section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and higher education on such study. Such report shall include, but not be limited to, (1) an overview of said kitchen incubator programs, (2) the potential economic benefits resulting from establishing a kitchen incubator program in the state, (3) a recommendation concerning the need for a kitchen incubator program, and (4) legislative recommendations to implement a kitchen incubator program, provided the commissioner determines there is a need for such program.

EFFECTIVE DATE: October 1, 2014

Special Act# 14-23

HB# 5550

AN ACT CONCERNING THE CONVEYANCE OF CERTAIN PARCELS OF STATE LAND AND THE RATE OF ASSESSMENT OF CERTAIN RESIDENTIAL PROPERTY IN HARTFORD

SUMMARY: This act (1) authorizes conveyances in the towns of Barkhamsted, Cheshire, Colchester, Darien, East Haddam, New Haven, and Newtown; (2) amends prior conveyances and land exchanges in East Lyme and Morris; (3) requires the Department of Mental Health and Addiction Services (DMHAS) to grant a conservation easement in Middletown; and (4) repeals conveyances in Newtown and East Haven.

EFFECTIVE DATE: Upon passage

§§ 2-4 & 6-10 – NEW CONVEYANCES

As described in Table 1, the act authorizes the following conveyances of state property for the purposes noted. Except where specified, the town is the recipient of the property.

Table 1: New Conveyances

<i>Section</i>	<i>Town (Recipient)</i>	<i>Agency</i>	<i>Description/Purpose</i>	<i>Cost</i>
2	Cheshire (Cheshire Community Food Pantry)	Correction (DOC)	Two acres for charitable purposes (unspecified portion of a 244.6 acre parcel containing the Cheshire Reformatory)	No cost
3	New Haven	Administrative Services, on behalf of Economic and Community Development (DECD)*	6.95 acres, including improvements, for municipal purposes, including the relocation of public service departments and for economic development	\$1
4	New Haven	Transportation (DOT)	Two parcels totaling 0.99 acre for economic development purposes	\$1
6	Newtown (Catherine Violet Hubbard Foundation, Inc.)	Agriculture	34.44 acres for an animal sanctuary, wildlife preserve, or other nature preservation purpose; the state reserves a 50-foot-wide easement of 1,539.57 feet in length to allow ingress and egress to other state lands and for agricultural purposes	Administrative costs
7	Barkhamsted	Energy and Environmental Protection (DEEP)	2.6 acres, including improvements, for a senior and community center and related purposes	\$1
8	East Haddam	DEEP	Three parcels totaling 2.44 acres for open space and passive recreation; town must maintain the Comer monument and may construct a driveway to access other adjoining open space and municipal property	Administrative costs
9	Darien	DOT	2.1 acres for affordable housing and associated parking purposes	Administrative costs
10	Colchester	DOT	1.397 acres for municipal purposes; parcel is subject to easements to maintain an endwall and to drain in favor of the state	No cost

* It is not clear which agency actually owns the property.

The conveyances in East Haddam do not terminate any reversionary interest in two of the parcels that may be held by the successors and heirs of Captain George Comer.

Each conveyance is subject to the State Properties Review Board's approval within 30 days. The land remains under the care and control of the transferring department until the conveyance is completed. Conveyances revert to the state if the recipient (1) does not use the parcel for the specified purposes, (2) does not retain ownership of the entire parcel, or (3) leases all or any part of the parcel. It is unclear how New Haven could use its conveyances for economic development purposes in light of the second and third of these conditions, since the city could not sell or lease the land.

§ 12 – CONVEYANCES REPEALED

The act repeals conveyances of:

1. two parcels in Newtown, having an area of approximately 34.44 acres and 4.0 acres, for open space and recreational purposes and, under certain circumstances, for economic development purposes;
2. a parcel containing approximately 0.49 acres to East Haven for economic development purposes; and
3. a parcel containing approximately 2,402 square feet to East Haven for municipal purposes.