



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2020 Legislative Session

SENATE BILL 9
AN ACT CONCERNING JOBS CT TAX REBATE PROGRAM

Summary of Proposal:

Eligible employers a) who create a minimum of 25 new full time employees (FTEs) b) with salaries that are 85% of the median household income of the municipality where the jobs will be located and c) are in a Jobs CT focus area can retain (or be rebated) 25% of the withholding taxes from the new FTEs for up to 7 years, starting in month 25 up to month 108.

In addition, if employer locates and grows new FTEs in one Connecticut's Opportunity Zones or Distressed Municipalities, employer is eligible to retain 50% of the withholding taxes over the same time period.

Minimum annual salary must be \$37,500.

Rebate per job, per year will be floored @ \$1,000 and capped @ \$5,000.

Jobs CT focus areas

- Aerospace/Defense
- Clean Energy/Renewables
- Corporate Headquarters
- Distribution and Logistics
- Entertainment and Digital Media
- Financial Services
- Information Technology
- Life Sciences
- Manufacturing
- R&D Facilities

Reason for Proposal:

A simple, transparent, targeted, earn-as-you-grow incentive program for businesses to expand in or relocate to Connecticut.

Transparent – A clear and simple incentive for companies to evaluate when considering growing in or re-locating to Connecticut. No “black box.”

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Performance-based – Benefit is earned as jobs are created and maintained over time, which eliminates any credit or counterparty risk.

Targeted – Industries and focus areas are strategic building on our strengths of today and ecosystems we want to grow in our economy of tomorrow. There is no “winner-picking” and all eligible employers will benefit.

Significant Impacts:

Significant reduction in bonding: Previous economic incentives required an average of \$200 million in bonding per year. Over the past year, DECD has been able to reduce its bonding by close to 70%. Once the program is fully implemented, it will not require any additional bonding.

Paying less per jobs: Under the previous incentive programs, the state paid over \$16,000 per job on average. We anticipate the cost per new job in the focus areas to be between \$5,000 and \$10,000, depending on FTE wage.

Focus on distressed municipalities and Opportunity Zones: While companies around the state that grow 25 jobs or more are eligible for a 25% income tax rebate, those that locate or expand in distressed municipalities or Opportunity Zones are eligible for a 50% rebate. We believe this added incentive will help drive investment and job creation to areas of the state that will have the most impact.

Incentivizing good paying jobs: The additional requirements for companies to pay their employees 85% of the median household income of the municipality where the jobs will be located is designed to ensure we are focused on raising incomes and not incentivizing low paying jobs. Additionally, the programs \$1,000 rebate minimum ensures all companies that are relocating to or expanding in the state receive a minimum benefit, which ensures we stay competitive with neighboring states.