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# **Community Builders' Institute Connecticut Tax Incentives**

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# **Tax Incentives Are Available For A Variety Of State And Local Taxes**

- **Corporation business tax**
- **Sales and use tax**
- **Local property taxes**
- **Except for the new angel investor tax credit, not generally for personal income taxes**



# Sales and Use Tax Incentives

- **Reduce cost of construction**
- **Reduce cost of operation**



## **There are over 100 Sales and use Tax Exemptions, including –**

- **Nonprofit tax exempt organizations**
- **Manufacturing machinery and equipment**
- **DEP-approved industrial waste treatment and air pollution control facilities**
- **Nonprofit low and moderate income housing and HUD-designated difficult development areas**



## **There are over 100 Sales and Use Tax Exemptions, including –**

- **Motion picture, video, television and radio equipment**
- **Commercial printing machinery and equipment**
- **Machinery, equipment, tools, materials, supplies and fuel used in the biotechnology industry**
- **Machinery and equipment used in fuel cell manufacturing**
- **Don't forget the Connecticut Development Authority program for approved projects**



# **Corporation Business Tax Incentives Generally are Found in the Form of:**

- **Favorable apportionment of income**
  - **Financial service companies**
  - **Manufacturers**
  - **Broadcasters**
- **Tax credits, subject to an annual 70% limitation**



# Tax Credits Fall Into Several Categories

- **Credits for capital investment**
  - **Fixed capital investment credit**
  - **Increment machinery and equipment credit for companies employing between 250 and 800 employees**



# Tax Credits Fall Into Several Categories

- **Credits for job creation and training**
  - **The “Swiss Bank” credit for financial institutions**
  - **DECD-approved tax credits for employment expansion projects**
  - **Tax credits for hiring displaced workers and persons receiving temporary family assistance benefits**
  - **2010 small business job creation credits**
  - **Vocational rehabilitation job creation credits**
  - **Tax credit for human capital investment**



# Tax Credits Fall Into Several Categories

- **Credits for investment in targeted areas**
  - **Tax credit for certain employers in enterprise zones**
  - **Urban Reinvestment Act tax credits**
  - **Neighborhood Assistance Act tax credits**
  - **Bradley Airport Development Zone tax credits**



# Tax Credits Fall Into Several Categories

- **Film production (“Hollywood East”) Credits**
  - **Infrastructure**
  - **Film production**
  - **Digital animation media production**



# Tax Credits Fall Into Several Categories

- **Research and development expenditures**
- **Property tax credits for computer and data processing equipment**
- **Tax credits for rehabilitation of a certified historic structure for residential or mixed use**
- **Green buildings tax credits**
- **Use DRS Informational Publication 2007 (31) as a starting point**



# Tax Credits Fall Into Several Categories

- **New personal income tax credit for angel investors**
- **New insurance reinvestment funding opportunities for emerging high tech and green technology businesses**



# Other Important Points Regarding Tax Credits

- **Overlapping credits**
- **Sequence of use**
  - **Carrybacks first**
  - **Credits without carryback or carryover**
  - **Credit carryovers about to expire**
  - **Non-expiring credits**
  - **EDP property tax credit**



- **Carryover of tax credits**
- **Credits that can be sold or refunded**
  - **Urban Reinvestment Act credits**
  - **Film production credits**
  - **Certified historic structure credits**
  - **Rolling research and development credits**



# Administration of Credits

- **Department of Revenue Services**
- **Department of Community and Economic Development**
- **Commission on Culture and Tourism**