
OLR Bill Analysis

HB 5247

AN ACT CONCERNING A TEST BED TECHNOLOGIES PROGRAM AND THE JOBSCT TAX REBATE PROGRAM.

SUMMARY

This bill requires each state agency's commissioner to administer a pilot test bed program to test the effectiveness of certain technologies, products, or processes ("test projects") at reducing operating costs. Under the pilot program, the agency may temporarily use any test project recommended to it by an advisory board the bill establishes. This board, the Test Bed Technologies Advisory Board, may recommend test projects that (1) are manufactured or marketed by a certified small business or minority-owned enterprise and (2) may promote operational cost reductions at the agency and meet other criteria.

The bill also establishes a process for the state to procure for state agencies test projects shown to promote operational cost reduction. This process allows certain competitive bid or proposal requirements in existing law to be waived.

Separately, the bill also makes changes to the JobsCT Tax Rebate Program that generally (1) reverse changes made to the program over the past two year by PAs 24-149, 24-151, and 25-125 and (2) specify how the program's rebate applies to pass-through entity (PE) taxes (for example, by making it refundable under certain circumstances).

EFFECTIVE DATE: October 1, 2026, with the JobsCT provisions applicable to tax years starting on and after January 1, 2027.

TEST BED TECHNOLOGIES ADVISORY BOARD

The bill creates the board as an independent body within the Department of Economic and Community Development (DECD) for administrative purposes only. Under the bill, the board has five members: one each appointed by the governor, the DECD

commissioner, the treasurer, the comptroller, and the Department of Administrative Services (DAS) commissioner in consultation with the chief executive officer of a nonprofit operating an applied technology demonstration and training center. All members must have experience working in private sector businesses or state agencies. Within available appropriations, the board must meet at least twice each year to exercise its powers and duties.

OPERATIONAL COST REDUCTION PILOT PROGRAMS

Applications

Under the bill, a person who wants to participate in a pilot program must apply to the Test Bed Technologies Advisory Board, in a form and way the board sets.

The application must include an assessment of the test project's viability for a pilot program, which must be done by an independent consulting firm or a market research firm that (1) specializes in technologies, products, or processes similar to those described in the application and (2) is a DAS research and development services provider or marketing research and public opinion polling provider under the North American Industry Classification System.

Under the bill, any applicant selected to participate in a pilot test bed program can only participate in one program for one state agency.

Recommendation Criteria

Within 30 days after receiving the application, the board must evaluate the test project and recommend it for an agency pilot program if it meets the criteria described below and the board deems the recommendation warranted.

Under the bill, the board must recommend a test project if it finds that doing so would (1) promote operational cost reduction, (2) be feasible in the state agency's operations, and (3) not have any detrimental effect on the operations. However, the bill expressly prohibits the board from recommending a test project unless the business that manufactures or markets it shows that:

1. using it will not adversely affect safety;
2. it is presently available for commercial sale and distribution, or it has potential for commercialization within two years after the pilot test bed program concludes;
3. it was not developed by a business that is eligible to participate in an existing state statutory program administered by Connecticut Innovations, Incorporated for testing new or experimental technologies, products, or processes; and
4. if the test project or any related intellectual property is patented, the business maintains the associated documentation on it.

Additionally, the business that manufactures or markets it must be DAS-certified as a small contractor or a minority business enterprise (see BACKGROUND).

Board Report

The bill requires the board to evaluate the effectiveness of any pilot test bed program administered under the bill and submit a report on its findings to the Energy and Technology Committee by October 1, 2030.

Test Program Implementation

Under the bill, if the advisory board recommends that a state agency start a pilot program for the test project, the agency may use it in the agency's operations for not less than 30 days or more than 60 days. The agency may accept delivery of the test project and begin the program, regardless of the laws on state purchases.

The bill requires the applicant to pay any costs associated with the agency acquiring and using the test project. Under the bill, acquiring the test project for the program is not a purchase under the state procurement law's provisions. The applicant must maintain records related to the test program as the advisory board requires. Proprietary information derived from the test program is exempt from the state's Freedom of Information Act.

Post-Testing Procurement

Under the bill, if the agency's commissioner determines that the pilot test bed program sufficiently shows that the test project promotes operational cost reduction, then he or she may ask the DAS commissioner to (1) procure the test project for the agency to use and (2) make the procurement under a request for proposal. If the commissioner grants a request to procure a test project for an agency, she must make information about the procurement available to all state agencies on the DAS website.

Municipal Test Projects

The bill also allows a state agency commissioner to identify a test project that (1) meets the criteria the Test Bed Advisory Committee must use to review other applications (see *Recommendation Criteria* above) and (2) has been tested by a municipality and shown to promote operational cost reduction. The commissioner may request that the advisory board recommend the project for testing and within 30 days after receiving the request, the board must evaluate the test project and make a recommendation using the same criteria described above. If the board recommends the test project, the agency must begin a pilot test bed program under the same implementation and procurement provisions described above.

JOBSCT TAX REBATE PROGRAM

By law, DECD's JobsCT tax rebate program allows companies in specified industries to earn rebates against insurance premiums, corporation business, and pass-through entity (PE) taxes for reaching certain job creation targets generally measured in new full-time equivalent employees (FTEs) hired. The bill reverses the changes to the program made by public acts 24-149, 24-151, and 25-125, effectively leaving the program as it stood after the enactment of PA 23-137. It also specifies how the program's rebate applies to PE taxes.

PA 25-125

The bill eliminates a provision that currently allows the DECD commissioner to give a preference to program applications that (1) make

significant investments in environmentally sustainable practices; (2) are in economic sectors such as renewable energy, energy efficiency, and zero-emission vehicles; or (3) are for farming operations that are sustainable from a climate perspective.

PA 24-151

The bill eliminates provisions that (1) decrease the number of FTEs that a business must create and maintain to be eligible for the rebate if at least three of these FTEs live in a concentrated poverty census tract and (2) allow the business to earn an additional rebate amount for each FTE who lives in one of these tracts, which may exceed the program's rebate cap.

PA 24-149

FTE Definition. By law, "new FTEs" are those that did not exist in the state when the business applied to the DECD commissioner for acceptance into the program. Current law, as enacted by PA 24-149, excludes FTEs hired to replace those that existed in the state in the two-year period immediately before the business submits its rebate application. The bill eliminates this exclusion and instead excludes FTEs hired to replace those that existed in the state after January 1, 2020 (the exclusion that existed before PA 24-149).

FTE Wage Requirements. To qualify as a new FTE under current law, an employee must be paid wages sourced to the state that are either:

1. the greater of (a) 85% of median household income for the FTE position's primary location or (b) 120% of the state minimum wage when the business applies to DECD for a rebate, multiplied by 2,000 hours, or
2. the greater of (a) at least 100% of the median household income for the municipality with the lowest median household income of all municipalities contiguous to the position's primary location or (b) 100% of statewide median household income.

The bill eliminates these two alternatives. Instead, to qualify as a new FTE under the bill (as prior to PA 24-149), an employee must be paid

wages sourced to the state of at least 85% of the median household income for the location where the position is primarily based, or \$37,500, whichever is greater.

Alternative Metrics. The law requires the DECD commissioner, when reviewing a business's JobsCT application, to determine whether the (1) business can reasonably meet the hiring targets and other metrics stated in the application and (2) proposed job growth would (a) provide a net benefit to economic development and employment opportunities in the state and (b) exceed a baseline number of jobs. Current law allows the commissioner, when he determines that a business cannot reasonably meet metrics and FTE hiring targets in its program application, to substitute another requirement or metric similar in intent to the requirement or metric the applicant could not reasonably meet. The bill eliminates this option and requires the business to meet each of the requirements to be eligible for the rebate program (as they had to prior to PA 24-149).

People With Intellectual Disability. The bill changes the rebate calculation for companies employing at least one new FTE who is a person with intellectual disability. Under current law, if the business creates and maintains at least 15 new FTEs and at least one of these FTEs is a person with intellectual disability, the business may claim an additional rebate for each person with intellectual disability that equals 25% of the calendar year wages paid to each of these people. Current law also allows these additional rebates to exceed the program's rebate cap.

The bill eliminates these provisions and instead qualifies businesses that meet the above criteria for a 50% rebate for new FTEs (rather than the program's standard 25% rate), based on the state income tax that would be paid by the new FTEs (as was the case prior to PA 24-149).

Pass Through Entity Tax

Under the bill, "affected business entities" (generally partnerships and S corporations; referred to as PEs) that receive a rebate from the JobsCT tax rebate program must claim it as a credit against the PE tax.

If the rebate amount exceeds their PE tax liability, the bill requires the revenue services commissioner to treat the excess as an overpayment and refund the excess amount without interest.

By law, if a PE member is an individual subject to the personal income tax the person can claim an income tax credit equal to his or her direct and indirect pro rata share of the tax paid by the PE of which he or she is a member, multiplied by 87.5%. Under the bill, for a PE granted a rebate from the program, the income tax credit must be based on the amount of PE tax due from the PE before applying the rebate and any other payments made against the tax due.

BACKGROUND

Small Contractors and Minority Business Enterprises

By law, a “small contractor” is generally a:

1. contractor or subcontractor that (a) maintains its principal place of business in the state and (b) is registered as a small business in the federal database maintained by the U.S. General Services Administration, as required to do business with the federal government, or
2. nonprofit entity that (a) maintains its principal place of business in the state, (b) had gross revenues of \$20 million or less during its most recent fiscal year, and (c) is independent (generally not reliant on another entity in order to operate).

“Minority Business Enterprises” are generally small contractors with majority ownership by women, minorities, or people with disabilities. The owner must have (1) managerial and technical competence, (2) experience directly related to his or her principal business activities, and (3) the power to direct the enterprise’s management or policies (CGS § 4a-60g(a)).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 22 Nay 4 (03/17/2026)