



STATE OF CONNECTICUT  
EXECUTIVE CHAMBERS

DANNEL P. MALLOY  
GOVERNOR

GOVERNOR'S OFFICE

June 6, 2018

BILL NOTIFICATION  
RELEASE No. 13

For Immediate Release

Governor Dannel P. Malloy signed the following legislation of the 2018 Regular Session on June 6:

- SB 443 AN ACT ESTABLISHING THE CONNECTICUT BLOCKCHAIN WORKING GROUP  
SA 18-8 This bill is effective from passage.
- SB 527 AN ACT ESTABLISHING THE TRANSPORTATION CENTER IMPROVEMENT  
SA 18-9 DISTRICT WITHIN THE CITY OF STAMFORD.  
This bill is effective from passage.
- HB 5181 AN ACT EXTENDING THE MUNICIPAL REVALUATION DEADLINE FOR THE  
SA 18-10 TOWN OF WILTON BY ONE YEAR AND VALIDATING CERTAIN ACTIONS  
TAKEN AND VOTES CAST BY THE ELECTORS AND VOTERS OF THE TOWN  
OF MONROE.  
This bill is effective from passage.
- HB 5247 AN ACT CONCERNING COURTHOUSE SECURITY.  
SA 18-11 This bill is effective from passage.
- HB 5201 AN ACT REQUIRING THE COMMISSIONER OF HOUSING TO MAKE  
SA 18-12 RECOMMENDATIONS REGARDING CERTAIN STATE-FUNDED PUBLIC  
HOUSING PROJECTS.  
This bill is effective from passage.
- HB 5291 AN ACT CONCERNING A STUDY ON ACCESS TO INFORMATION REGARDING  
SA 18-15 THE SAFETY OF SPORTS HELMETS.  
This bill takes effect October 1, 2018.
- SB 468 AN ACT CONCERNING SERVICE OF CIVIL PROCESS ON A MOTOR VEHICLE  
PA 18-56 OPERATOR OR THE OWNER OF A MOTOR VEHICLE.  
This bill takes effect October 1, 2018.
- SB 479 AN ACT CONCERNING IMMUNITY FROM CIVIL OR CRIMINAL LIABILITY FOR  
PA 18-57 PERSONS PROVIDING MEDICAL ASSISTANCE OR INTERVENTION IN A  
CHILD ABUSE OR NEGLECT CASE.  
This bill takes effect July 1, 2018.

SB 509 AN ACT CONCERNING NEWLY DISCOVERED EVIDENCE.  
PA 18-61 This bill takes effect October 1, 2018.

SB 517 AN ACT CONCERNING THE PROVISION OF NOTICE OF CONDEMNATION  
PA 18-62 AND ASSESSMENT OF DAMAGES FROM THE COMMISSIONER OF  
TRANSPORTATION TO A PERSON HAVING AN INTEREST OF RECORD.  
This bill takes effect October 1, 2018.

SB 7 AN ACT CONCERNING CLIMATE CHANGE PLANNING AND RESILIENCY.  
PA 18-82 This bill is effective from passage.

SB 17 AN ACT CONCERNING PROCEDURES RELATED TO COLLECTING AND  
PA 18-83 PROCESSING SEXUAL ASSAULT EVIDENCE COLLECTION KITS.  
This bill is takes effect July 1, 2018.

SB 104 AN ACT PROHIBITING THE USE OF RESIDENTIAL AUTOMATIC PESTICIDE  
PA 18-84 MISTING SYSTEMS.  
This bill takes effect October 1, 2018.

SB 268 AN ACT CONCERNING MODIFICATIONS TO BROWNFIELD REMEDIATION  
PA 18-85 GRANT AND LOAN PROGRAMS, THE APPLICATION OF NOTICES OF  
ACTIVITY AND USE LIMITATION TO CERTAIN PRIOR HOLDERS OF INTEREST  
IN PROPERTY, PROPERTY TAX AGREEMENTS BETWEEN MUNICIPALITIES  
AND PROSPECTIVE PURCHASERS OF BROWNFIELDS AND  
ENVIRONMENTAL IMPACT EVALUATION EXEMPTIONS FOR CERTAIN  
FEDERALLY APPROVED PROJECTS.  
This bill has various effective dates.

SB 432 AN ACT CONCERNING THE SALE OF ABANDONED OR UNUSED CEMETERY  
PA 18-87 LOTS.  
This bill takes effect July 1, 2018.

HB 5257 AN ACT CONCERNING REPORTS OF ABUSE OR NEGLECT OF PERSONS  
PA 18-96 WITH INTELLECTUAL DISABILITY OR AUTISM SPECTRUM DISORDER.  
This bill takes effect July 1, 2018.

HB 5254 AN ACT CONCERNING CHILD SUPPORT COLLECTION FEES.  
PA 18-98 This bill takes effect April 1, 2019.

HB 5253 AN ACT EXPANDING ACCESS TO THE MONEY FOLLOWS THE PERSON  
PA 18-99 DEMONSTRATION PROJECT AND REPEALING OBSOLETE STATUTES.  
This bill is effective from passage.

HB 5204 AN ACT CONCERNING LAW AND ORDINANCE COVERAGE.  
PA 18-105 This bill takes effect July 1, 2018.

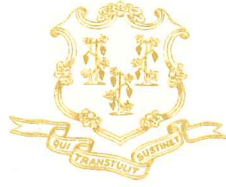
HB 5203 AN ACT CONCERNING ELECTRONIC PROOF OF AUTOMOBILE INSURANCE  
PA 18-108 This bill takes effect October 1, 2018.

- HB 5383 AN ACT CONCERNING DISPUTES BETWEEN HEALTH CARRIERS AND  
PA 18-115 PARTICIPATING PROVIDERS THAT ARE HOSPITALS.  
This bill takes effect July 1, 2018.
- HB 5402 AN ACT CONCERNING THE REPORTING OF RESIDENTIAL CUSTOMERS'  
PA 18-116 NONPAYMENT FOR CERTAIN UTILITY AND TELECOMMUNICATION  
SERVICES.  
This bill takes effect October 1, 2018.
- HB 5405 AN ACT CONCERNING CONNECTICUT CREDIT UNIONS.  
PA 18-117 This bill takes effect October 1, 2018.
- HB 5419 AN ACT CONCERNING CENTRAL COUNTING OF ABSENTEE BALLOTS.  
PA 18-124 This bill is effective from passage.

Governor Dannel P. Malloy vetoed the following legislation of the 2018 Regular Session on June 6:

- SB 261 AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX CREDIT  
PA 18-80 TO PASS-THROUGH ENTITIES.  
This bill had an effective date of July 1, 2018. The Governor vetoed the bill  
*\*\*Scroll down to read the Governor's veto message.*

As of this date, the Governor has signed one hundred and fourteen (114) bills, vetoed two (2) bills, and left unsigned one (1) bill of the 2018 Regular Session.



## Dannel P. Malloy

GOVERNOR  
STATE OF CONNECTICUT

June 6, 2018

The Honorable Denise W. Merrill  
Secretary of State  
30 Trinity Street  
Hartford, CT 06106

Dear Madam Secretary:

I hereby return, without my signature, Senate Bill No. 261, *An Act Extending the Manufacturing Apprenticeship Tax Credit to Pass-Through Entities*. This bill would allow owners or shareholders of pass-through entities such as S corporations, partnerships, and limited liability companies to claim the manufacturing apprenticeship tax credit against the personal income tax.

This bill, while ostensibly helpful to small businesses, would allow individual business owners and shareholders to reduce their individual personal tax liability, potentially to zero. That is the same flaw I pointed out when I vetoed a similar bill in 2016. This bill would result in a loss of \$650,000 in revenue per year, an impact not accounted for in the amended budget I signed earlier this year. While I have steadfastly supported and initiated efforts to encourage more hiring in the technology and manufacturing sectors, such efforts should not be used to shield individual investors from paying their fair share for state services, especially when the cost is not offset by spending cuts or other revenue.

Under current law, entities that are unable to use manufacturing apprenticeship tax credits themselves because they are not subject to the corporation business tax may sell them to other entities that have sufficient liability to use them, providing income directly to the entities we want to help, rather than shielding the income of wealthy individuals. Current law also imposes reasonable limits on a corporation's total reduction in its tax liability through the use of tax credits, providing a degree of predictability and stability. Senate Bill No. 261 would instead allow individual partners in, or shareholders of, pass-through entities to claim the tax credits on their personal income tax returns, without any limit on the amount of reduction in their tax liability.

While this bill may have been passed to help small businesses owners, it would also allow owners of large, complex institutions to greatly reduce their personal income tax liability without limits, instead of providing the benefits where they will create jobs – in small businesses themselves. United States Department of Treasury revealed recently that only about 10 percent of pass-through entities were small businesses with employees. Larger, wealthier pass-through entities have recently received federal tax gifts from the Republican-controlled Congress in the form of rate cuts and increased deductions, and they don't need more help from Connecticut's

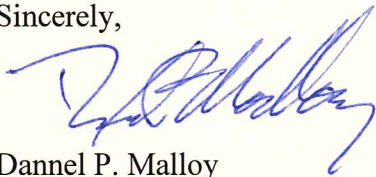
taxpayers. A much more precisely targeted bill, with limits on the total deduction, could help these taxpayers and drive small-business investment without creating a windfall for those who need it least.

Allowing business tax credits to be claimed against the personal income tax would also open the door for other similar proposals and increase the likelihood that the credits will result in additional revenue loss to the state. In addition, the Department of Revenue Services (DRS) will incur a significant unbudgeted expense to implement this change on tax forms and in the Taxpayer Service Center.

As I indicated in my 2016 veto message, I stand ready, should there be an opportunity in the coming months, to work with the proponents of the bill to pass a version of this legislation that promotes investment in small businesses, includes a reasonable limit on individual tax liability, and offsets the significant lost revenue, but I cannot support this legislation as written.

For the foregoing reasons, I disapprove of Senate Bill 261, *An Act Extending the Manufacturing Apprenticeship Tax Credit to Pass-Through Entities*. Pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut, I am returning Substitute Senate Bill 261 without my signature.

Sincerely,



Dannel P. Malloy  
Governor