



# House of Representatives

General Assembly

**File No. 391**

February Session, 2026

Substitute House Bill No. 5478

*House of Representatives, April 2, 2026*

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT SUPPORTING "LEARN AND EARN" INTERNSHIP OPPORTUNITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2026*) (a) As used in this section,  
2 "small business" means a business entity in the state that has fifty or  
3 fewer employees.

4 (b) The Board of Trustees of The University of Connecticut and the  
5 Board of Regents for Higher Education shall each, within the availability  
6 of funds appropriated specifically for such purpose, establish a program  
7 to provide training and support to small businesses to enable such  
8 businesses to offer a paid quality internship program. An internship  
9 program shall be considered a quality internship program if such  
10 program addresses not fewer than six of the eight career readiness  
11 competencies established by the National Association of Colleges and  
12 Employers, as determined by said boards. Each board shall post in a  
13 conspicuous location on its Internet web site (1) information about such  
14 program to provide training and support to small businesses, (2) any  
15 eligibility requirements for a small business to participate in such

16 program, and (3) the application form for such program. Each board  
17 shall offer specialized support to each small business accepted to such  
18 program that is unique to such small business's industry and location.  
19 The supports offered by such program shall include, but need not be  
20 limited to, the following: (A) Training in internship management, (B)  
21 development of a job description, (C) assistance with establishing  
22 specific skills an intern would learn and learning opportunities available  
23 to an intern, and (D) guidance on assessments to use to assess internship  
24 performance.

25 (c) Not later than January 1, 2027, and annually thereafter, the  
26 president of The University of Connecticut and the chancellor of the  
27 Connecticut State Colleges and Universities shall each submit a report,  
28 in accordance with the provisions of section 11-4a of the general statutes,  
29 to the joint standing committee of the General Assembly having  
30 cognizance of matters relating to higher education and employment  
31 advancement. Such report shall include, but need not be limited to, each  
32 small business supported through the program established pursuant to  
33 subsection (b) of this section, the types of supports provided and the  
34 number of internships offered by such small business.

35 Sec. 2. (NEW) (*Effective July 1, 2026*) (a) The Board of Trustees of The  
36 University of Connecticut and the Board of Regents for Higher  
37 Education shall each, within the availability of funds appropriated  
38 specifically for such purpose, establish a program to provide stipends to  
39 any student enrolled at an institution of higher education governed by  
40 such board who receives the federal Pell grant and is pursuing an  
41 internship opportunity. Such stipend shall be in an amount prescribed  
42 by each board and shall be used to offset the costs related to  
43 participation in an internship program, including, but not limited to,  
44 transportation and clothing costs. Each board shall post in a  
45 conspicuous location on its Internet web site information concerning the  
46 stipend program, including, but not limited to, eligibility guidelines,  
47 application forms and the amount of stipend available to each applicant.

48 (b) Not later than July 1, 2027, and annually thereafter, the president

49 of The University of Connecticut and the chancellor of the Connecticut  
50 State Colleges and Universities shall each report, in accordance with the  
51 provisions of section 11-4a of the general statutes, to the joint standing  
52 committee of the General Assembly having cognizance of matters  
53 relating to higher education regarding the number of students who  
54 received a stipend through the program established pursuant to  
55 subsection (a) of this section.

56 Sec. 3. (*Effective July 1, 2026*) Not later than January 1, 2027, each  
57 institution of higher education in the state shall submit a report, in  
58 accordance with the provisions of section 11-4a of the general statutes,  
59 to the joint standing committee of the General Assembly having  
60 cognizance of matters relating to higher education. Such report shall  
61 include a description of each paid internship opportunity available to  
62 students enrolled at such institution through such institution's career  
63 services that shall include, but need not be limited to, the type of  
64 employer that offers the internship, the quality measures the institution  
65 utilizes to ensure that each internship provides a valuable experience to  
66 students and any other relevant information.

67 Sec. 4. (NEW) (*Effective July 1, 2026*) (a) Not later than January 1, 2027,  
68 the Board of Regents for Higher Education and the Board of Trustees of  
69 The University of Connecticut shall jointly establish a state quality seal  
70 for internship programs offered in the state. Such boards shall identify  
71 qualities of an internship program that would qualify such program for  
72 a state quality seal, including, but not limited to, the following: (1)  
73 Assignment of a mentor, (2) opportunity to learn through observation,  
74 and (3) clear communication in which expectations and skills learned  
75 through such internship are specified.

76 (b) On and after January 1, 2027, the Board of Regents for Higher  
77 Education and the Board of Trustees of The University of Connecticut  
78 shall jointly identify businesses in the state with internship programs  
79 that meet the qualities established pursuant to subsection (a) of this  
80 section and award such business with the state quality seal for  
81 internship programs.

82 (c) Not later than January 1, 2028, and annually thereafter, the Board  
83 of Regents for Higher Education and the Board of Trustees of The  
84 University of Connecticut shall jointly submit a report, in accordance  
85 with the provisions of section 11-4a of the general statutes, to the joint  
86 standing committee of the General Assembly having cognizance of  
87 matters relating to higher education and employment advancement.  
88 Such report shall include the list of businesses that received the state  
89 quality seal for internship programs during the prior calendar year.

90 Sec. 5. Section 12-217x of the general statutes is repealed and the  
91 following is substituted in lieu thereof (*Effective January 1, 2027, and*  
92 *applicable to income years commencing on and after January 1, 2027*):

93 (a) For purposes of this section, "human capital investment" means  
94 the amount paid or incurred by a corporation on:

95 (1) Job training that occurs in this state for persons who are employed  
96 in this state;

97 (2) Work education programs in this state, including, but not limited  
98 to, programs in public high schools and work education-diversified  
99 occupations programs in this state;

100 (3) Worker training and education for persons who are employed in  
101 this state provided by institutions of higher education in this state;

102 (4) Donations or capital contributions to institutions of higher  
103 education in this state for improvements or advancements of  
104 technology, including physical plant improvements;

105 (5) Planning, site preparation, construction, renovation or acquisition  
106 of facilities in this state for the purpose of establishing a child care  
107 center, as described in section 19a-77, in this state to be used primarily  
108 by the children of employees who are employed in this state;

109 (6) Donations or capital contributions to an organization exempt from  
110 taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of  
111 1986, or any subsequent corresponding internal revenue code of the

112 United States, as amended from time to time, for the planning, site  
113 preparation, construction, renovation or acquisition of facilities in this  
114 state for the purpose of establishing a child care center in this state to be  
115 used by children residing in the community, including the children of  
116 employees who are employed in this state; [and]

117 (7) Subsidies to employees who are employed in this state for child  
118 care to be provided in this state; and

119 (8) Salaries paid to interns participating in an internship program in  
120 the state that was awarded the state quality seal for internship programs  
121 pursuant to the provisions of subsection (b) of section 4 of this act.

122 (b) There shall be allowed a credit for any corporation against the tax  
123 imposed under this chapter in an amount spent by such corporation, as  
124 a human capital investment as follows: (1) For any income year  
125 commencing on or after January 1, 1998, and prior to January 1, 1999,  
126 equal to three per cent of such amount paid or incurred by the  
127 corporation during such income year; (2) for any income year  
128 commencing on or after January 1, 1999, and prior to January 1, 2000,  
129 equal to four per cent of such amount paid or incurred by the  
130 corporation during such income year; (3) for any income year  
131 commencing on or after January 1, 2000, equal to five per cent of such  
132 amount paid or incurred by the corporation during such income year;  
133 and (4) for any income year commencing on or after January 1, 2024, (A)  
134 equal to ten per cent of the amount paid or incurred by the corporation  
135 during such income year for the purposes set forth in subdivisions (1)  
136 to (4), inclusive, [and subdivision (8)] of subsection (a) of this section,  
137 and (B) equal to twenty-five per cent of the amount paid or incurred by  
138 the corporation during such income year for the purposes set forth in  
139 subdivisions (5) to [(7)] (8), inclusive, of subsection (a) of this section.

140 (c) The amount of credit allowed to any corporation under this  
141 section shall not exceed the amount of tax due from such corporation  
142 under this chapter with respect to such income year.

143 (d) No corporation claiming the credit under this section with respect

144 to a human capital investment [as defined in subsection (a) of this  
145 section] shall claim a credit against any tax under any other provision of  
146 the general statutes [against any tax] with respect to the same  
147 investment.

148 (e) Any tax credit not used in the income year during which the  
149 investment was made may be carried forward for the five immediately  
150 succeeding income years until the full credit has been allowed.

151 Sec. 6. Section 12-217aaa of the general statutes is repealed and the  
152 following is substituted in lieu thereof (*Effective January 1, 2027, and*  
153 *applicable to income years commencing on and after January 1, 2027*):

154 (a) As used in this section, (1) "accumulated credits" means the  
155 amount of credits allowed, in accordance with the provisions of section  
156 12-217n, that have not been taken through an applicant's last income  
157 year completed prior to the date of an application submitted as  
158 provided in subsection (b) of this section, (2) "commissioner" means the  
159 Commissioner of Economic and Community Development, and (3)  
160 "human capital investment" means the amount paid or incurred by a  
161 corporation on (A) job training which occurs in this state for persons  
162 who are employed in this state; (B) work education programs in this  
163 state, including, but not limited to, programs in public high schools and  
164 work education-diversified occupations programs in this state; (C)  
165 worker training and education for persons who are employed in this  
166 state provided by institutions of higher education in this state; (D)  
167 donations or capital contributions to institutions of higher education in  
168 this state for improvements or advancements of technology, including  
169 physical plant improvements; (E) planning, site preparation,  
170 construction, renovation or acquisition of facilities in this state for the  
171 purpose of establishing a child care center, as described in section 19a-  
172 77, in this state to be used primarily by the children of employees who  
173 are employed in this state; [and] (F) subsidies to employees who are  
174 employed in this state for child care to be provided in this state; and (G)  
175 salaries paid to interns participating in an internship program in the  
176 state that was awarded the state quality seal for internship programs

177 pursuant to the provisions of subsection (b) of section 4 of this act.

178 (b) The commissioner shall establish and administer a program to  
179 allow businesses in the state to utilize accumulated credits against the  
180 tax imposed under this chapter and chapter 219 in exchange for (1)  
181 capital projects, planned or underway, in the state that propose to (A)  
182 expand the scale or scope of such business, (B) increase employment at  
183 such business, or (C) generate a substantial return to the state economy,  
184 or (2) human capital investment. A business seeking to utilize  
185 accumulated credits under this section shall submit to the  
186 commissioner, on forms provided by the commissioner, an application  
187 that shall include, but not be limited to: (A) A detailed plan outlining  
188 the capital project or human capital investment, (B) the term of such  
189 project or investment, (C) the estimated costs of such project or  
190 investment, and (D) the amount of accumulated credits the business  
191 proposes it be allowed to utilize under this section. The commissioner  
192 shall perform an econometric analysis of each application and shall only  
193 approve an application if he or she determines that such project or  
194 investment will generate revenues for the state that exceed the amount  
195 of the accumulated credits proposed to be utilized. The amount of such  
196 accumulated credits shall be subject to confirmation, in accordance with  
197 the provisions of this title, by the Commissioner of Revenue Services in  
198 consultation with the commissioner.

199 (c) The commissioner shall determine, in consultation with the  
200 Commissioner of Revenue Services and the Secretary of the Office of  
201 Policy and Management, when such accumulated credits may be  
202 utilized by the business, provided the commissioner shall not approve  
203 the utilization of the accumulated credits until the capital project or  
204 human capital investment under subsection (b) of this section generates  
205 revenues for the state that exceed the amount of the accumulated credits  
206 proposed to be utilized.

207 (d) The total amount of accumulated credits used under this section,  
208 at full value, and the investments made under section 12-217bbb shall  
209 not exceed fifty million dollars in the aggregate.

210 (e) The commissioner may adopt regulations, in accordance with the  
211 provisions of chapter 54, to implement the provisions of this section.

212 (f) Not later than February 1, 2019, and annually thereafter, the  
213 commissioner shall include in the annual report required under section  
214 32-1m: (1) Information on the number of applications received and the  
215 number of applications approved under this section; (2) the status of the  
216 capital projects or human capital investments associated with such  
217 approved applications; (3) the amount of accumulated credits that are  
218 proposed to be utilized under this section; and (4) (A) the amount and  
219 type of state revenue generated in connection with each such capital  
220 project or human capital investment to date, and (B) the projected  
221 amount and type of such revenue for the five succeeding fiscal years  
222 after completion of such capital project or human capital investment.

223 Sec. 7. (NEW) (*Effective January 1, 2027*) (a) For the fiscal year ending  
224 June 30, 2027, and each fiscal year thereafter, the Office of Workforce  
225 Strategy shall, within available appropriations, establish a grant  
226 program to award grants to eligible organizations exempt from taxation  
227 pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, or  
228 any subsequent corresponding internal revenue code of the United  
229 States, as amended from time to time, to offset the cost of salaries paid  
230 to interns participating in an internship program at such organization.  
231 Such grant shall be in an amount equal to twenty-five per cent of the  
232 amount paid or incurred by such organization for the cost of salaries  
233 paid to any intern during such fiscal year and shall be awarded on a  
234 first-come, first-served basis. The office shall post, in a conspicuous  
235 location on the office's Internet web site, the application form for such  
236 grant program.

237 (b) Not later than January 1, 2028, and annually thereafter, the Office  
238 of Workforce Strategy shall submit a report on such grant program, in  
239 accordance with the provisions of section 11-4a of the general statutes,  
240 to the joint standing committee of the General Assembly having  
241 cognizance of matters relating to higher education.

242 Sec. 8. (NEW) (*Effective January 1, 2027, and applicable to taxable years*)

243 commencing on or after January 1, 2027) (a) There shall be allowed a credit  
244 for any affected business entity, as defined in section 12-284b of the  
245 general statutes, against the tax imposed under chapter 229 of the  
246 general statutes, other than the liability imposed by section 12-707 of the  
247 general statutes, for salaries paid to interns participating in an  
248 internship program in the state that was awarded the state quality seal  
249 for internship programs pursuant to the provisions of subsection (b) of  
250 section 4 of this act. The amount of such credit shall be equal to twenty-  
251 five per cent of the total amount of such salaries paid or incurred by  
252 such affected business entity during such taxable year.

253 (b) If an affected business entity is an S corporation or an entity  
254 treated as a partnership for federal income tax purposes, the credit may  
255 be claimed by the shareholders or partners of the affected business  
256 entity. If the affected business entity is a single member limited liability  
257 company that is disregarded as an entity separate from its owner, the  
258 credit may be claimed by such limited liability company's owner,  
259 provided such owner is subject to the tax imposed under chapter 229 of  
260 the general statutes.

261 (c) The amount of credit allowed to any affected business entity under  
262 this section shall not exceed the amount of tax due from such affected  
263 business entity under chapter 229 of the general statutes with respect to  
264 such taxable year.

265 (d) No affected business entity claiming the credit under this section  
266 shall claim a credit against any tax under any other provision of the  
267 general statutes with respect to the same investment.

268 (e) Any tax credit not used in the taxable year during which the  
269 investment was made may be carried forward for the five immediately  
270 succeeding taxable years until the full credit has been allowed.

271 Sec. 9. (Effective July 1, 2026) (a) The Department of Administrative  
272 Services shall conduct a survey of each state agency concerning the  
273 internship programs offered by such state agency. Such survey shall  
274 include, but need not be limited to, whether each internship that is

275 available through each internship program offered by each state agency  
 276 (1) is paid, (2) has a specific job description, (3) requires reporting to a  
 277 direct supervisor, and (4) includes a mentorship opportunity.

278 (b) Not later than January 1, 2027, the Department of Administrative  
 279 Services shall submit, in accordance with the provisions of section 11-4a  
 280 of the general statutes, to the joint standing committee of the General  
 281 Assembly having cognizance of matters relating to higher education  
 282 and employment advancement a report on the results of the survey  
 283 conducted pursuant to subsection (a) of this section.

|   |  |             |
|---|--|-------------|
| This act shall take effect as follows and shall amend the following sections: |  |             |
| Section 1   | <i>July 1, 2026</i>  | New section |
| Sec. 2  | <i>July 1, 2026</i>  | New section |
| Sec. 3  | <i>July 1, 2026</i>  | New section |
| Sec. 4  | <i>July 1, 2026</i>  | New section |
| Sec. 5  | <i>January 1, 2027, and applicable to income years commencing on and after January 1, 2027</i> | 12-217x     |
| Sec. 6  | <i>January 1, 2027, and applicable to income years commencing on and after January 1, 2027</i> | 12-217aaa   |
| Sec. 7  | <i>January 1, 2027</i>   | New section |
| Sec. 8  | <i>January 1, 2027, and applicable to taxable years commencing on or after January 1, 2027</i> | New section |
| Sec. 9  | <i>July 1, 2026</i>  | New section |

**Statement of Legislative Commissioners:**

In Section 9(a), "such internship" was changed to "each internship that is available through each internship program offered by each state agency" for clarity.

**HED**            *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

| Agency Affected                                  | Fund-Effect                 | FY 27 \$    | FY 28 \$     |
|--|-----------------------------|-------------|--------------|
| Revenue Serv., Dept.                             | GF - Potential Revenue Loss | None        | See Below    |
| Revenue Serv., Dept.                             | GF - Cost                   | None        | Up to 75,000 |
| Revenue Serv., Dept.                             | GF - Potential Cost         | None        | 130,000      |
| State Comptroller - Fringe Benefits <sup>1</sup> | GF - Potential Cost         | 21,500      | 97,466       |
| Office of Workforce Strategy                     | GF - Cost                   | 2.7 million | 5.4 million  |
| Board of Regents for Higher Education            | OF - Cost                   | 134,900     | 134,900      |
| UConn  | OF - Cost                   | 134,900     | 134,900      |
| Constituent Units of Higher Education            | OF - Cost                   | See Below   | See Below    |

Note: GF=General Fund; OF= Other Funds

**Municipal Impact:** None

**Explanation**

The bill establishes a variety of programs and incentives related to internship participation among college students. The fiscal impact of these changes is described below.

**Sections 1 and 4** result in costs of \$134,900 annually beginning in FY 27 to both the Connecticut State Colleges and Universities (CSCU) and UConn. Section 1 requires both constituent units to establish a program

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

to assist small businesses in offering paid internships that meet certain criteria. Section 4 requires the constituent units to jointly develop a quality seal for certain internships in the state. It is anticipated that each constituent unit will need to hire a State Program Manager to fulfill these requirements, resulting in a salary cost of \$98,700 and a fringe costs of \$36,200 at each unit.

**Section 2** results in annual costs to the constituent units beginning in FY 27. It requires each constituent unit to provide stipends to Pell grant recipient students enrolled in their institution to support costs associated with internship participation. The costs will vary based on the number of students who receive a stipend, and the value of such stipend. As an illustration: If 14,000<sup>2</sup> students across CSCU and UConn received stipends totaling \$1,000, the cost would be approximately \$14 million (\$4 million for UConn and \$10 million for CSCU).

**Section 3** has no fiscal impact. It requires institutions of higher education to report certain information about internships available to their own students. It is anticipated that the constituent units can meet this requirement with existing resources.

**Section 5**, which adds salaries paid to interns in a program that received the state quality seal as expenses eligible for the human capital investment tax credit against the corporation business tax, results in a potential General Fund revenue loss beginning in FY 28. The magnitude of the revenue loss depends on (1) the number of interns working in a qualifying program, and (2) the amount of pay received by such interns.<sup>3</sup>

**Section 6**, which expands the stranded tax credit program to include

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<sup>2</sup> Fall 2025 undergraduate enrollment at UConn, the Connecticut State Universities, and total enrollment at CT State, was approximately 85,000 combined. The illustration assumes that 27% to 53% of that total population are Pell recipients (varies by institution), and 35% to 50% of Pell recipient students would participate in an internship in a year.

<sup>3</sup> The credit is equal to 25% of the amount paid to qualifying interns. It is estimated that there are approximately 37,850 internships in Connecticut annually. It is uncertain how many would qualify for the quality seal under the bill.

salaries paid to interns in a program that received the state quality seal, results in a potential revenue loss of up to \$30 million in aggregate beginning as early as FY 28.<sup>4</sup> Any potential revenue loss would depend on the Department of Economic and Community Development (DECD) approving credits under the program.<sup>5</sup>

**Section 7** results in an estimated cost of \$2.7 million in FY 27 and \$5.4 million in FY 28 and annually thereafter to the Office of Workforce Strategy (OWS) to award grants to federally tax-exempt nonprofits to offset intern salaries. It is anticipated that OWS would require one full-time administrator at an annualized cost of \$146,100 (\$103,000 in salary and \$43,100 in fringe benefits) to manage the program.

The annual cost of the grants will be dependent upon (1) the number of qualifying organizations that apply and (2) the cost of salaries paid to the interns at those organizations. For illustrative purposes, assuming 2,500 internships qualify for this program and on average interns worked 500 hours in a year at the state's minimum wage rate, the total grants awarded would be \$5.3 million.

**Section 8**, which establishes a tax credit for pass-through entities for salaries paid to interns in an internship program that received the state quality seal, results in a potential General Fund revenue loss beginning in FY 28. The magnitude of the revenue loss depends on (1) the number of interns working in a qualifying program, and (2) the amount of pay received by such interns.<sup>6</sup>

Section 8 also results in (1) a one-time cost to the Department of Revenue Services of up to \$75,000 in FY 28 associated with programming updates to the CTax tax administration system and

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<sup>4</sup> The stranded tax credit program is capped at \$50 million in the aggregate; \$20 million in credits have been allocated in total as of FY 25.

<sup>5</sup> DECD cannot approve use of stranded credits by a business until the capital project or human capital investment generates state revenue that exceeds the credits to be used.

<sup>6</sup> The credit is equal to 25% of the amount paid to qualifying interns. It is estimated that there are approximately 37,850 internships in Connecticut annually. It is uncertain how many would qualify for the quality seal under the bill.

myconneCT online portal, as well as form modification, and (2) a potential ongoing cost of up to \$184,366 beginning in FY 28 for up to two Revenue Examiners (\$65,000 each for salary and \$27,183 each for fringe benefits). The potential cost is dependent on the volume and amount of credits claimed.

**Section 9** has no fiscal impact. It requires the Department of Administrative Services (DAS) to conduct a survey of state agencies concerning internship programs.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and participation in specified internships.

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**OLR Bill Analysis****sHB 5478*****AN ACT SUPPORTING "LEARN AND EARN" INTERNSHIP OPPORTUNITIES.*****SUMMARY**

This bill establishes various programs and creates tax credits to support internships. It:

1. requires the UConn Board of Trustees and Board of Regents for Higher Education to each establish a program to train and support small businesses in offering paid internships that meet certain criteria;
2. requires each board to establish a program to give stipends to students at their institutions who receive a federal Pell grant and have an internship opportunity;
3. requires the boards to jointly establish a state quality seal for internship programs;
4. requires the Office of Workforce Strategy (OWS) to award grants to federally tax-exempt nonprofit organizations to offset intern salaries;
5. adds salaries paid to interns in a program that received the state quality seal as expenses eligible for the human capital investment tax credit against the corporation tax;
6. expands the stranded tax credit program to include intern salaries paid as part of a program that received the state quality seal as eligible human capital investments under the tax credit program;

7. establishes a new tax credit for salaries paid to interns in an internship program that received the state quality seal for an S corporation, limited liability company, limited liability partnership, or limited partnership; and
8. requires various reports on the programs the bill creates and reports on higher education institution and state agency internship programs.

EFFECTIVE DATE: July 1, 2026, except (1) the grant program is effective January 1, 2027, and (2) provisions on tax credits are effective January 1, 2027, and applicable to income years beginning on and after that date.

#### **§ 1 — ASSISTANCE FOR SMALL BUSINESS INTERNSHIP PROGRAMS**

The bill requires the UConn Board of Trustees and Board of Regents for Higher Education to each, within funds appropriated for this purpose, establish a program to train and support small businesses with up to 50 employees so they can offer certain paid internships. A paid internship qualifies if a board finds it has at least six of the eight National Association of Colleges and Employers career readiness competencies (see BACKGROUND).

The boards must conspicuously post information about the program on their websites, including application forms and small business eligibility requirements.

The bill requires the boards to provide small businesses in the program with specialized support unique to the business' industry and location, including (1) internship management training, (2) job description development, (3) help setting the skills an intern will learn and the intern's learning opportunities, and (4) guidance on assessing internship performance.

Annually, beginning by January 1, 2027, the bill requires the UConn president and Connecticut State Colleges and Universities (CSCU)

chancellor to report to the Higher Education and Employment Advancement Committee on each small business supported by the program, including the supports provided to it and number of internships offered by it.

## **§ 2 — INTERNSHIP STIPENDS**

The bill requires the UConn Board of Trustees and Board of Regents for Higher Education to each, within funds appropriated for this purpose, establish a program to give stipends to students at their institutions who receive a federal Pell grant and have an internship opportunity. Each board can set the stipend amount and it must be used to offset costs related to the internship, such as transportation and clothing.

The boards must conspicuously post information about the program on their websites, including eligibility guidelines, application forms, and stipend amounts.

Annually, beginning by January 1, 2027, the bill requires the UConn president and CSCU chancellor to report to the Higher Education and Employment Advancement Committee on the number of students receiving stipends under the program.

## **§ 3 — REPORT FROM HIGHER EDUCATION INSTITUTIONS ON INTERNSHIPS**

By January 1, 2027, the bill requires each higher education institution in the state to report to the Higher Education and Employment Advancement Committee on the paid internship opportunities available to their students through their career services office, including the types of employers offering internships, quality measures used to ensure students have a valuable experience, and other relevant information.

## **§ 4 — STATE QUALITY SEAL FOR INTERNSHIP PROGRAMS**

By January 1, 2027, the bill requires the UConn Board of Trustees and Board of Regents for Higher Education to jointly establish a state quality seal for internship programs. The boards must identify the

qualifications for the seal, including (1) assigning mentors to interns, (2) providing opportunities to learn through observation, and (3) clear communication about expectations and skills to be learned.

By that same date, the boards must identify businesses that meet these criteria and award them the state quality seal.

Annually, beginning by January 1, 2028, the boards must jointly report to the Higher Education and Employment Advancement Committee on businesses that received a seal in the prior calendar year.

## **§§ 5, 6 & 8 — TAX CREDITS FOR INTERNSHIP SALARIES**

### ***Human Capital Investment Tax Credit (§ 5)***

The bill adds salaries paid to interns in a program that received the state quality seal as expenses eligible for the human capital investment tax credit against the corporation tax. The credit amount equals 25% of the amount paid to interns.

Under existing law, expenses eligible for this credit include (1) job training; (2) work education programs, including those offered by higher education institutions; (3) donations or capital contributions to higher education institutions related to technology; (4) activities related to developing a child care center for employees' children; (5) donations or capital contributions to a nonprofit for developing a child care center for children in the community; and (6) child care subsidies for employees. By law, the credit equals 25% of the child care related expenses and 10% for other types of expenses.

By law, these credits cannot exceed the amount a corporation owes in corporation business tax, an unused tax credit can be carried forward for the next five years, and a corporation claiming this tax credit cannot claim another credit for the same expense.

### ***Stranded Tax Credits (§ 6)***

The bill expands the stranded tax credit program, which allows a business to exchange accumulated research and development tax credits for undertaking certain in-state capital projects or human capital

investments. It does so by including intern salaries paid as part of a program that received the state quality seal as eligible human capital investments. Under the existing stranded tax credit program law, eligible human capital investments are similar, but not identical to, those described above as eligible for the human capital investment tax credit.

By law, a taxpayer must apply to the Department of Economic and Community Development (DECD) with information about the project or investment under the stranded tax credit program. DECD cannot approve use of the credits by a business until the capital project or human capital investment generates state revenue that exceeds the credits to be used. The law imposes a \$50 million aggregate cap on exchanging stranded credits.

#### ***Tax Credit for Intern Salaries (§ 8)***

The bill establishes a tax credit for an S corporation, limited liability company, limited liability partnership, or limited partnership for 25% of the amount paid as salaries to interns in an internship program that received the state quality seal. It allows the business owners to apply the credit against their state personal income tax liability (other than the withholding tax).

The bill appears to make the credit nonrefundable by capping the credit amount allowed to any business entity at the amount of income tax due from the entity. (These entities do not pay income tax at the entity level, however.)

The bill allows the credit to be carried forward for five years, and prohibits claiming a different tax credit based on the same intern expenses.

#### **§ 7 — GRANTS TO NONPROFITS FOR INTERN SALARIES**

Beginning with FY 27, the bill requires OWS to, within available appropriations, award grants to federally tax-exempt nonprofits to offset intern salaries. OWS must award grants on a first-come, first-served basis in the amount of 25% of an organization's expenses for intern salaries. OWS must conspicuously post the grant application

form on its website.

Beginning by January 1, 2028, the bill requires OWS to annually report on the program to the Higher Education and Employment Advancement Committee.

## **§ 9 — REPORT ON STATE AGENCY INTERNSHIP PROGRAMS**

The bill requires the Department of Administrative Services to survey and report to the Higher Education and Employment Advancement Committee by January 1, 2027, on state agency internship programs, including whether an agency (1) has paid internships and job descriptions and (2) requires interns to report to a supervisor and provides mentoring.

### **BACKGROUND**

#### ***National Association of Colleges and Employers (NACE) Career Readiness Competencies***

NACE is a professional association connecting college career services professionals, early talent recruiting, university relations professionals, and businesses that serve this community. NACE tracks and provides information on employment of college graduates. NACE's eight career readiness competencies are:

1. career and self-development,
2. communication,
3. critical thinking,
4. equity and inclusion,
5. leadership,
6. professionalism,
7. teamwork, and
8. technology.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/17/2026)