



General Assembly

Substitute Bill No. 5478

February Session, 2026



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.