



General Assembly

February Session, 2026

Raised Bill No. 512

LCO No. 3371



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT ESTABLISHING THE CONNECTICUT GROWTH INVESTMENT FUND.

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

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Connecticut Innovations, Incorporated" means the corporation
3 created under section 32-35 of the general statutes;
- 4 (2) "Potential estate tax exposure" means the estimated tax liability of
5 a resident of this state under section 12-391 of the general statutes, as
6 amended by this act, as determined and certified by the Commissioner
7 of Revenue Services based on the resident's estimated net taxable estate
8 at the time of election under this section;
- 9 (3) "Qualified Connecticut business" means a business entity that
10 maintains its principal place of business in this state and has at least
11 seventy-five per cent of its employees domiciled in this state; and
- 12 (4) "Resident of this state" has the same meaning as provided in

13 subdivision (1) of subsection (a) of section 12-701 of the general statutes.

14 (b) On and after January 1, 2027, any resident of this state may elect
15 to invest a one-time payment in the Connecticut Growth Investment
16 Fund in accordance with the provisions of this section, in lieu of such
17 resident's estate being subject to the tax imposed by section 12-391 of the
18 general statutes, as amended by this act. The amount of such payment
19 shall be thirty per cent, forty per cent or fifty per cent, as selected by
20 such resident, of such resident's maximum potential estate tax exposure.

21 (c) (1) Connecticut Innovations, Incorporated shall establish, not later
22 than January 1, 2027, a Connecticut Growth Investment Fund that shall
23 (A) be managed under a pooled fund structure by Connecticut
24 Innovations, Incorporated, (B) invest exclusively in qualified
25 Connecticut businesses, (C) hold the principal of any payment made to
26 the fund as a contingent investment, returnable only in accordance with
27 the provisions of subsection (e) of this section, and (D) allocate not less
28 than ten per cent of the amount in the fund to be made available for
29 investments in qualified Connecticut businesses founded by student or
30 faculty entrepreneurs affiliated with institutions of higher education in
31 this state.

32 (2) Connecticut Innovations, Incorporated shall be entitled to an
33 annual management fee of not more than two per cent of the total assets
34 under management in the fund, for the administration, due diligence
35 and oversight of the fund's investment portfolio.

36 (d) (1) Connecticut Innovations, Incorporated shall establish three
37 distinct investor classes for the Connecticut Growth Investment Fund,
38 based on the percentage of the potential estate tax exposure selected by
39 the resident under subsection (b) of this section:

40 (A) Class A senior preferred units shall be for residents of this state
41 who make an investment of fifty per cent of such resident's potential
42 estate tax exposure. This investor class shall receive first-priority
43 distribution of realized gains and the highest rate of preferred returns

44 from the fund;

45 (B) Class B preferred units shall be for residents of this state who
46 make an investment of forty per cent of such resident's potential estate
47 tax exposure. This investor class shall receive priority over Class C
48 investors for the distribution of realized gains; and

49 (C) Class C common units shall be for residents of this state who
50 make an investment of thirty per cent of such resident's potential estate
51 tax exposure. This investor class shall receive the baseline rate for the
52 distribution of realized gains.

53 (2) Upon the realization of any gains from any investment made by
54 the fund, Connecticut Innovations, Incorporated shall remit ten per cent
55 of the net realized profit to the General Fund prior to making any
56 distributions to a resident or a decedent's estate or designated
57 beneficiary.

58 (e) (1) If a resident of this state who made a payment under subsection
59 (b) of this section remains a resident until the time of death and such
60 death occurs at least five years after the date such payment was made,
61 (A) the initial payment amount shall be permanently retained by the
62 Connecticut Growth Investment Fund for continued investment in
63 qualified Connecticut businesses, (B) the right to receive future
64 distributions of realized gains and preferred returns shall vest in the
65 decedent's estate or designated beneficiaries, and (C) any tax liability of
66 the decedent's estate under section 12-391 of the general statutes, as
67 amended by this act, shall be extinguished.

68 (2) If a resident of this state who made a payment under subsection
69 (b) of this section dies within five years of the date such payment was
70 made and was a resident of this state at the time of death, (A) the amount
71 of such payment shall be credited toward the amount of such decedent
72 estate's tax liability under section 12-391 of the general statutes, as
73 amended by this act, and (B) the estate's right to distributions of realized
74 gains and preferred returns at the time of death shall be determined in

75 accordance with the following schedule: (i) If the death occurs prior to
76 the second anniversary of the date the payment was made, one hundred
77 per cent of any realized gains and preferred returns shall be forfeited to
78 the fund; (ii) if the death occurs on or after the second anniversary but
79 prior to the third anniversary of the date the payment was made, thirty-
80 three per cent of any realized gains and preferred returns shall be
81 forfeited to the fund; (iii) if the death occurs on or after the third
82 anniversary but prior to the fourth anniversary of the date the payment
83 was made, sixty-six per cent of any realized gains and preferred returns
84 shall be forfeited to the fund; and (iv) if the death occurs on or after the
85 fourth anniversary but prior to the fifth anniversary of the date the
86 payment was made, the decedent's estate shall receive distribution of
87 one hundred per cent of any realized gains and preferred returns.

88 (3) If a resident of this state who made a payment under subsection
89 (b) of this section subsequently ceases to be a resident of this state at any
90 time, (A) the initial payment amount made by such person shall be
91 returned without interest not later than twenty-four months after such
92 person has certified to Connecticut Innovations, Incorporated of such
93 person's change of domicile, or as fund liquidity permits, and (B) such
94 person's right to receive future distributions of realized gains and
95 preferred returns shall be forfeited.

96 (f) Not later than April 1, 2028, and annually thereafter, Connecticut
97 Innovations, Incorporated shall submit a report, in accordance with the
98 provisions of section 11-4a of the general statutes, to the joint standing
99 committee of the General Assembly having cognizance of matters
100 relating to finance, revenue and bonding, that includes, for the calendar
101 year immediately preceding: (1) The number of qualified Connecticut
102 businesses receiving investment funds from the Connecticut Growth
103 Investment Fund and the industry sectors of each such business; (2) the
104 overall performance and internal rate of return of the fund; and (3) a
105 data-driven analysis, prepared in consultation with the Department of
106 Revenue Services and the Department of Economic and Community
107 Development, of the indirect tax revenue generated by the investments

108 made by the Connecticut Growth Investment Fund, including estimated
109 revenue for the taxes imposed by chapters 219 and 229 of the general
110 statutes from increased business activity in this state and new or
111 retained jobs in this state.

112 Sec. 2. Subdivision (9) of subsection (g) of section 12-391 of the general
113 statutes is repealed and the following is substituted in lieu thereof
114 (*Effective from passage*):

115 (9) [With] (A) Except as provided under subparagraph (B) of this
116 subdivision, with respect to the estates of decedents dying on or after
117 January 1, 2023, the tax based on the Connecticut taxable estate shall be
118 as provided in the following schedule:

T1	Amount of Connecticut	
T2	Taxable Estate	Rate of Tax
T3	Not over the	None
T4	federal basic exclusion amount	
T5	Over the	12% of the excess over the
T6	federal basic exclusion amount	federal basic exclusion amount

119 (B) The provisions of section 1 of this act shall apply to the estate of a
120 decedent dying on or after January 1, 2027, where such decedent made
121 a payment to the Connecticut Growth Investment Fund in accordance
122 with the provisions of said section, provided any applicable exemption
123 under section 1 of this act for the tax imposed by this section shall not
124 relieve any person from the obligation to file a return under the
125 provisions of this chapter.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	12-391(g)(9)

Statement of Purpose:

To establish the Connecticut Growth Investment Fund as an alternative to the tax imposed by section 12-391 of the general statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]