
OLR Bill Analysis

sHB 5409

AN ACT CONCERNING TROOPS-TO-TRADES INITIATIVES.

SUMMARY

This bill establishes a job expansion tax credit program and various requirements and initiatives to assist current and former armed forces members transition into the civilian workforce.

Under the bill, the program gives a tax credit to businesses that create new jobs for veterans. It allows employers a \$2,500 credit for each veteran hired, with a maximum of \$1 million each fiscal year of the program.

Among other things, the bill also requires the:

1. Department of Labor (DOL) to (a) update its informational webpage with certain relevant information and resources for those transitioning from the military to the civilian workforce and (b) study models from other states that use technology to connect armed forces members with prospective employers;
2. adjutant general, to (a) increase promotion of, and periodically improve the Military Department's employment assistance program and (b) post certain signs at weekend trainings;
3. Department of Veterans Affairs (DVA) commissioner to (a) send a biweekly email with certain job-related information and (b) annually hold a one-day "Stand Down" event that offers services, supplies, or assistance to any veteran; and
4. Department of Economic and Community Development (DECD) commissioner to develop legislative recommendations for promoting in-state employment of armed forces members.

EFFECTIVE DATE: October 1, 2026, except the legislative recommendation provision is effective upon passage, and the tax credit program is effective January 1, 2027, and applicable to income years commencing on or after that date.

§ 6 — JOB EXPANSION TAX CREDIT

The bill establishes a job expansion tax credit program, substantially similar to a program that ended on January 1, 2014, where a business that hires veteran employees on or after January 1, 2027, is allowed to credit against the insurance premium, corporation business, utility company, or personal income tax, but not the withholding tax.

It allows businesses a one-time \$2,500 credit for each veteran hired, with a maximum of \$1 million each fiscal year for the program. Businesses claiming a job expansion tax credit for a new hire cannot count the veteran toward other credits the law allows.

For the tax credit , a veteran employee is (1) any current or former member of the armed forces or (2) anyone honorably discharged or released under honorable conditions, or released with an other than honorable (OTH) discharge based on a qualifying condition, from active service in the armed forces (the U.S. Army, Navy, Marine Corps, Coast Guard, Space Force, Air Force, and any of their reserve components, including the Connecticut National Guard when under federal service) (CGS § 27- 103).

Eligible Companies and Jobs

Under the bill, a business qualifies for the credit only for new jobs for veteran employees it creates after January 1, 2027. The business must (1) have been in business for 12 consecutive months prior to its credit application and (2) be subject to any of the taxes to which the credit applies. In addition, the job to which the credit applies must (1) not have existed in Connecticut before the application and (2) be filled by a veteran employee at full-time, which does not include a temporary or seasonal job.

Businesses with 50 or fewer employees in the state qualify for the

credit if they create at least one new job; those with 51 to 100 employees, if they create at least five; and those with more than 100 employees, at least 10. The number of full-time employees the business employs in Connecticut is calculated based on when the business applies for the credit, which applies for the credit certificate's duration.

The job must require a new employee to work at least 35 hours per week for at least 48 weeks per calendar year.

A business cannot count a veteran employee as new if the employee

1. owns the business or is a member or partner in it,
2. no longer works for the business at the end of its income year, or
3. worked in Connecticut for a related business during the previous 12 months.

An employee worked for a related business if:

1. the business where the veteran formerly worked controls the business that subsequently hired him,
2. the business that hired the veteran controls the business where he or she previously worked,
3. the business where the veteran worked is part of a larger business entity that also controls the business that hired him or her, or
4. both businesses belong to the same group of controlled businesses.

A company is "controlled" by someone if the person directly or indirectly owns more than 50% of the combined voting power of all classes of its stock. In the case of a trust, control means owning 50% or more of the beneficial interest of the trust's principal or income. Ownership is determined as outlined in federal income tax law.

Application and Approval Procedure

To claim the credits, businesses must apply to DECD for a

certification letter. The business must use a DECD form and give DECD enough information to determine its eligibility. The information must (1) describe the business' activities; (2) indicate its North American Industrial Classification System (NAICS) code; (3) specify the number of people employed as of the application date; and, if applicable, (4) identify the new hire's name and job title or classification.

The DECD commissioner, in his discretion, must consult with DVA commissioner to verify a person's eligibility as a veteran employee. The DECD commissioner may charge an application fee as he deems appropriate.

Claiming Credits

The DECD commissioner must issue a written decision on each completed application within 30 days after receiving it. If he approves the application, he must issue the certification letter (1) indicating that the business may claim the credit if the business and new employee meets the bill's requirements and (2) to a business employing veteran employees who met the bill's requirements for which credits were previously been granted.

The commissioner must annually give the revenue services commissioner a list of the businesses that he approved for credits and that have been issued certification letters.

The business must claim the credit in the income year in which it created the job and hired a new employee to fill it. It may claim the credit for each of the two subsequent years if the employee remains employed. The credit cannot exceed the total tax due. Unused credits expire and cannot be refunded.

The bill also allows shareholders and partners of S corporations and partnerships to claim the credit. With respect to single-member limited liability companies (LLCs) that are disregarded as entities separate from their owners, only the company's owner may claim the credit.

§§ 1 & 2 — DOL INFORMATIONAL WEBPAGE

The bill requires the DOL commissioner, by January 1, 2027, to

improve and update the veteran employment information DOL provides on the Internet. First, the bill requires her to update the department's informational webpage serving as a central repository of information, resources, and materials. The webpage must include links to external sources on:

1. job training,
2. career counseling,
3. workforce development organizations,
4. employers who are veteran- and military-friendly or who establish and commit to meeting veteran hiring targets and current and former armed forces members, and
5. other relevant topics for those transitioning from the military to a professional civilian occupation.

Additionally, she must (1) post in a conspicuous location on the informational webpage details of relevant Military Department employment assistance programming (see § 3) and the DVA job fair (see § 4) and (2) try to optimize the webpage's visibility in Internet search engine results.

The bill also requires the DOL commissioner, starting January 1, 2027, to annually solicit known and reputable providers of information, resources, and materials described above. She must do this in consultation with the DVA commissioner and adjutant general.

DVA Newsletter and Website

The bill requires the DVA commissioner, starting January 1, 2027, to (1) send a biweekly email newsletter with relevant resources and materials included on the DOL informational webpage to interested recipients and (2) post a link to the webpage in a conspicuous location on the DVA's website.

Under the bill, the DOL commissioner must (1) make the informational page available in a way an interested person can ask to

receive the biweekly email newsletter and (2) forward to the DVA commissioner the email addresses of those interested recipients during the preceding month.

Training Site Signage

Beginning January 1, 2027, the bill requires the adjutant general to post, in conspicuous locations throughout each inactive duty training weekend site, signage containing a quick response (QR) code that current reserve members or the National Guard can use to access the informational webpage.

§ 1 — DOL STUDY ON TECHNOLOGY USE FOR JOB CONNECTION

By January 1, 2028, the bill requires the DOL commissioner to study models from other northeastern region states that use technology, including artificial intelligence, to connect current and former armed forces members with prospective employers based on the members' military occupational specialties, and educational and professional backgrounds. The commissioner must use the study's findings to update the informational webpage.

Under the bill, the commissioner must submit a report on her findings and recommendations to the Veterans' and Military Affairs Committee by February 1, 2028.

§ 2 — MILITARY DEPARTMENT ASSISTANCE PROGRAM

The bill requires the adjutant general, in consultation with the DOL commissioner and within existing resources, to promote and periodically improve the Military Department's employment assistance program. The adjutant general and the DOL commissioner must tailor the promotion and improvements to better supplement the federal transition assistance program administered by the U.S. Department of Defense.

Currently, the program offers advice and information to current and former armed forces members, including any reserve component and the National Guard, who are considering available educational and occupational opportunities.

§§ 3 & 4 — “STAND DOWN” EVENT

The bill requires the DVA commissioner to annually hold a one-day “Stand Down” event throughout the state that offers services, supplies, or assistance to any veteran. (In practice, DVA is already conducting these events.)

Beginning January 1, 2028, the commissioner must include, as part of these events, a job fair to promote employment of current and former armed forces members, including reserve and National Guard members.

The DVA commissioner may coordinate with the DOL commissioner to invite representatives of Connecticut employers to attend the fair and present information about prospective employment opportunities. The DVA commissioner must also publicize the job fair on the department’s website and in the biweekly newsletter required above.

§ 5 — LEGISLATIVE RECOMMENDATIONS

By August 1, 2026, the bill requires the DECD commissioner, in consultation with the DOL and DVA commissioners and any other official, organization, or entity, he deems appropriate, to develop legislative recommendations for promoting in-state employment of current and former armed forces members, including reserve and National Guard members. In developing these recommendations, the DECD commissioner may examine the effectiveness of various incentives, including tax credits, wage subsidies, and training.

The DECD commissioner must report these recommendations to the Commerce, Labor and Public Employees, and Veterans’ and Military Affairs committees by January 15, 2027.

BACKGROUND

Related Bill

sHB 5003, §§ 45-49, favorably reported by the Labor and Public Employees Committee, has substantially similar provisions related to the DOL informational webpage, study on technology use for job connection, the “stand down” event, and legislative recommendations.

COMMITTEE ACTION

Veterans' and Military Affairs Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/10/2026)