



House of Representatives

General Assembly

File No. 315

February Session, 2026

Substitute House Bill No. 5244

House of Representatives, April 1, 2026

The Committee on Commerce reported through REP. MESKERS of the 150th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS REGARDING THE AGENCY FINANCIAL ASSISTANCE CAP AND EMPLOYMENT PROMISSORY NOTES.

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

1 Section 1. Section 32-462 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2026, and*
3 *applicable to income and taxable years commencing on and after January 1,*
4 *2026*):

5 (a) As used in this section:

6 (1) "Agency" means the Department of Economic and Community
7 Development or Connecticut Innovations, Incorporated.

8 (2) "Financial assistance" means grants, loans, loan guarantees,
9 contracts of insurance, investments, or combinations thereof, which are
10 provided from the proceeds of bonds, notes or other obligations of the
11 state or an agency which constitute a debt or liability of the state or

12 which are secured by a special capital reserve fund payable from
13 amounts appropriated or deemed appropriated from the General Fund.

14 (3) "Applicant" means any eligible applicant seeking financial
15 assistance from an agency for a business project. The term "applicant"
16 shall not include any political subdivision of the state.

17 (4) "Business project" means a business proposal undertaken by one
18 or more applicants, but does not include housing unless undertaken in
19 combination with another unrelated type of business.

20 [(5) "Biotechnology business project" means any commercial project
21 to be used or occupied by any person to conduct laboratory activity
22 relating to, or the research, development or manufacture of, biologically
23 active molecules or devices that apply to, affect or analyze biological
24 processes.]

25 (b) (1) No agency or agencies may award more than a total of [ten]
26 twenty-five million dollars of financial assistance during any two-year
27 period to an applicant or for a business project unless such financial
28 assistance is specifically authorized by an act of the General Assembly
29 which has been enacted before, on or after July 1, [1994] 2026. (2) The
30 provisions of subdivision (1) of this subsection shall not apply to any
31 awards funded or to be funded by bonds authorized to be issued by the
32 State Bond Commission before July 1, 1994.

33 [(c) Notwithstanding the provisions of subsection (b) of this section,
34 no agency or agencies may award more than twenty million dollars of
35 financial assistance for a biotechnology business project during any two-
36 year period unless such financial assistance is specifically authorized by
37 an act of the General Assembly which has been enacted before, on or
38 after July 1, 2001.]

39 Sec. 2. Section 31-51r of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective from passage*):

41 (a) As used in this section:

42 (1) "Employer" means any person engaged in business who has
43 twenty-six or more employees, including the state and any political
44 subdivision thereof.

45 (2) "Employee" means any person engaged in service to an employer
46 in the business of [his] the employer.

47 (3) "Employment promissory note" means any instrument or
48 agreement executed on or after October 1, 1985, which requires an
49 employee to pay the employer, or [his] the employer's agent or assignee,
50 a sum of money if the employee leaves such employment before the
51 passage of a stated period of time. "Employment promissory note"
52 includes any such instrument or agreement which states such payment
53 of moneys constitutes reimbursement for training previously provided
54 to the employee, but does not include a promissory note entered into by
55 an employer and employee for the full or partial repayment of any fee
56 relating to a federal H-1B visa and paid by an employer on behalf of an
57 employee.

58 (b) On or after October 1, 1985, no employer may require, as a
59 condition of employment, any employee or prospective employee to
60 execute an employment promissory note. The execution of an
61 employment promissory note as a condition of employment is against
62 public policy and any such note shall be void. If any such note is part of
63 an employment agreement, the invalidity of such note shall not affect
64 the other provisions of such agreement.

65 (c) Nothing in this section shall prohibit or render void any
66 agreement between an employer and an employee (1) requiring the
67 employee to repay to the employer any sums advanced to such
68 employee, (2) requiring the employee to pay the employer for any
69 property it has sold or leased to such employee, (3) requiring
70 educational personnel to comply with any terms or conditions of
71 sabbatical leaves granted by their employers, or (4) entered into as part
72 of a program agreed to by the employer and its employees' collective
73 bargaining representative.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2026, and applicable to income and taxable years commencing on and after January 1, 2026</i>	32-462
Sec. 2	<i>from passage</i>	31-51r

CE *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 \$
Department of Economic & Community Development	GF - Potential Cost	See Below	See Below
Connecticut Innovations, Inc	CI Funds - Potential Cost	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill increases the limits for the amount of economic development assistance that the Department of Economic and Community Development (DECD) and Connecticut Innovations, Inc. (CI) may provide without affirmative legislative approval.

Assuming that any eligible project(s) would receive legislative approval without the proposed change in the bill there is no fiscal impact.

However, if either DECD or CI provides assistance to an eligible project(s) that the legislature would otherwise disapprove, there would be a cost to the agency.¹

Section 2 has no fiscal impact by creating an exception to Connecticut's promissory note ban related to the federal H-1B visa fees. This provision does not require any administrative action from the state

¹ CI is a quasi-public state agency that is financed by loan repayments, investment returns, and fees so any costs would not be realized by the state's funds.

and therefore has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The timing and cost in any given fiscal year is dependent on the date and size of eligible investments made under the program.

OLR Bill Analysis**sHB 5244*****AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT'S RECOMMENDATIONS REGARDING THE AGENCY FINANCIAL ASSISTANCE CAP AND EMPLOYMENT PROMISSORY NOTES.*****SUMMARY**

This bill increases, from \$10 to \$25 million, the cap on financial assistance that the Department of Economic and Community Development or Connecticut Innovations Inc. can award for a business project over a two-year period without legislative approval. Correspondingly, the bill eliminates current law's separate \$20 million cap for biotechnology business projects.

Additionally, the bill creates an exception to Connecticut's employment promissory note ban to allow employers (those with more than 25 employees) to require, as a condition of employment, an employee to sign a promissory note to fully or partially repay any fee related to the federal H-1B visa (see BACKGROUND) the employer paid on the employee's behalf. Under existing law, an employment promissory note is an agreement where an employee must pay his or her employer a sum of money if the employee leaves before a specified time period.

EFFECTIVE DATE: July 1, 2026, and applicable to income and tax years beginning on and after January 1, 2026, except that the provision on the promissory note ban takes effect upon passage.

BACKGROUND***H-1B Visa Fees***

The H-1B visa allows U.S. employers to temporarily hire foreign workers for positions requiring specialized knowledge and at least a

bachelor’s degree. The worker’s initial stay is up to three years or, for certain Department of Defense employees, five years. Visas may be extended in some circumstances, and visa holders may eventually become citizens through the green card process. H-1B visa holders typically work in high tech fields, including advanced manufacturing and bioscience.

In 2025, the Trump administration generally imposed an additional \$100,000 petition fee as a condition of eligibility for an H-1B visa. (This fee is in addition to the application and other fees.)

Related Bill

sHB 5003, § 4, reported favorably by the Labor and Public Employees Committee, expands the employment promissory note ban to cover all employers, not just those with more than 25 employees.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/17/2026)