



General Assembly

February Session, 2000

**Amendment**

LCO No. 5333

Offered by:

SEN. LOONEY, 11th Dist.

To: Subst. Senate Bill No. 525

File No. 422

Cal. No. 317

***"An Act Making Changes To Various Sales And Use Tax Statutes And The Admissions And Dues Tax Statutes."***

1 Strike out everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Subdivision (2) of section 12-407 of the general statutes,  
4 as amended by section 10 of public act 99-173 and section 10 of public  
5 act 99-285, is repealed and the following is substituted in lieu thereof:

6 (2) "Sale" and "selling" mean and include: (a) Any transfer of title,  
7 exchange or barter, conditional or otherwise, in any manner or by any  
8 means whatsoever, of tangible personal property for a consideration;  
9 (b) any withdrawal, except a withdrawal pursuant to a transaction in  
10 foreign or interstate commerce, of tangible personal property from the  
11 place where it is located for delivery to a point in this state for the  
12 purpose of the transfer of title, exchange or barter, conditional or  
13 otherwise, in any manner or by any means whatsoever, of the property  
14 for a consideration; (c) the producing, fabricating, processing, printing  
15 or imprinting of tangible personal property for a consideration for  
16 consumers who furnish either directly or indirectly the materials used

17 in the producing, fabricating, processing, printing or imprinting,  
18 including but not limited to, sign construction, photofinishing,  
19 duplicating and photocopying; (d) the furnishing and distributing of  
20 tangible personal property for a consideration by social clubs and  
21 fraternal organizations to their members or others; (e) the furnishing,  
22 preparing, or serving for a consideration of food, meals or drinks; (f) a  
23 transaction whereby the possession of property is transferred but the  
24 seller retains the title as security for the payment of the price; (g) a  
25 transfer for a consideration of the title of tangible personal property  
26 which has been produced, fabricated or printed to the special order of  
27 the customer, or of any publication, including but not limited to, sign  
28 construction, photofinishing, duplicating and photocopying; (h) a  
29 transfer for a consideration of the occupancy of any room or rooms in a  
30 hotel or lodging house for a period of thirty consecutive calendar days  
31 or less; (i) the rendering of certain services for a consideration,  
32 exclusive of such services rendered by an employee for [his] the  
33 employer, as follows: (A) Computer and data processing services,  
34 including but not limited to, time, and exclusive of services rendered  
35 in connection with the creation, development hosting or maintenance  
36 of all or part of a web site which is part of the graphical, hypertext  
37 portion of the Internet, commonly referred to as the World-Wide Web,  
38 (B) credit information and reporting services, (C) services by  
39 employment agencies and agencies providing personnel services, (D)  
40 private investigation, protection, patrol work, watchman and armored  
41 car services, exclusive of services of off-duty police officers and  
42 off-duty fire fighters, (E) painting and lettering services, (F)  
43 photographic studio services, (G) telephone answering services, (H)  
44 stenographic services, (I) services to industrial, commercial or  
45 income-producing real property, including, but not limited to, such  
46 services as management, electrical, plumbing, painting and carpentry  
47 and excluding any such services rendered in the voluntary evaluation,  
48 prevention, treatment, containment or removal of hazardous waste, as  
49 defined in section 22a-115, or other contaminants of air, water or soil,  
50 provided income-producing property shall not include property used  
51 exclusively for residential purposes in which the owner resides and

52 which contains no more than three dwelling units, or a housing facility  
53 for low and moderate income families and persons owned or operated  
54 by a nonprofit housing organization, as defined in subsection (29) of  
55 section 12-412, (J) business analysis, management, management  
56 consulting and public relations services, excluding (i) any  
57 environmental consulting services, and (ii) any training services  
58 provided by an institution of higher education licensed or accredited  
59 by the Board of Governors of Higher Education pursuant to section  
60 10a-34, (K) services providing "piped-in" music to business or  
61 professional establishments, (L) flight instruction and chartering  
62 services by a certificated air carrier on an aircraft, the use of which for  
63 such purposes, but for the provisions of subsection (4) of section 12-410  
64 and subsection (12) of section 12-411, would be deemed a retail sale  
65 and a taxable storage or use, respectively, of such aircraft by such  
66 carrier, (M) motor vehicle repair services, including any type of repair,  
67 painting or replacement related to the body or any of the operating  
68 parts of a motor vehicle, (N) motor vehicle parking, including the  
69 provision of space, other than metered space, in a lot having thirty or  
70 more spaces, excluding (i) space in a seasonal parking lot provided by  
71 a person who is exempt from taxation under this chapter pursuant to  
72 subsection (1), (5) or (8) of section 12-412, (ii) space in a parking lot  
73 owned or leased under the terms of a lease of not less than ten years'  
74 duration and operated by an employer for the exclusive use of its  
75 employees, (iii) valet parking provided at any airport, and (iv) space in  
76 municipally-operated railroad parking facilities in municipalities  
77 located within an area of the state designated as a severe  
78 nonattainment area for ozone under the federal Clean Air Act, (O)  
79 radio or television repair services, (P) furniture reupholstering and  
80 repair services, (Q) repair services to any electrical or electronic device,  
81 including, but not limited to, [such] equipment used for purposes of  
82 refrigeration or air-conditioning, (R) lobbying or consulting services  
83 for purposes of representing the interests of a client in relation to the  
84 functions of any governmental entity or instrumentality, (S) services of  
85 the agent of any person in relation to the sale of any item of tangible  
86 personal property for such person, exclusive of the services of a

87 consignee selling works of art, as defined in subsection (b) of section  
88 12-376c, or articles of clothing or footwear intended to be worn on or  
89 about the human body other than (i) any special clothing or footwear  
90 primarily designed for athletic activity or protective use and which is  
91 not normally worn except when used for the athletic activity or  
92 protective use for which it was designed, and (ii) jewelry, handbags,  
93 luggage, umbrellas, wallets, watches and similar items carried on or  
94 about the human body but not worn on the body in the manner  
95 characteristic of clothing intended for exemption under subdivision  
96 (47) of section 12-412, under consignment, exclusive of services  
97 provided by an auctioneer, (T) locksmith services, (U) advertising or  
98 public relations services, including layout, art direction, graphic  
99 design, mechanical preparation or production supervision, not related  
100 to the development of media advertising or cooperative direct mail  
101 advertising, (V) landscaping and horticulture services, (W) window  
102 cleaning services, (X) maintenance services, (Y) janitorial services, (Z)  
103 exterminating services, (AA) swimming pool cleaning and  
104 maintenance services, (BB) renovation and repair services as set forth  
105 in this subparagraph, to other than industrial, commercial or  
106 income-producing real property: Paving of any sort, painting or  
107 staining, wallpapering, roofing, siding and exterior sheet metal work,  
108 (CC) miscellaneous personal services included in industry group 729  
109 in the Standard Industrial Classification Manual, United States Office  
110 of Management and Budget, 1987 edition, or U.S. industry 532220,  
111 812191, 812199 or 812990 in the North American Industrial  
112 Classification System United States manual, United States Office of  
113 Management and Budget, 1997 edition, exclusive of (i) services  
114 rendered by massage therapists licensed pursuant to chapter 384a, and  
115 (ii) services rendered by a hypertrichologist licensed pursuant to  
116 chapter 388, (DD) any repair or maintenance service to any item of  
117 tangible personal property including any contract of warranty or  
118 service related to any such item, (EE) business analysis, management  
119 or managing consulting services rendered by a general partner, or an  
120 affiliate thereof, to a limited partnership, provided (i) that the general  
121 partner, or an affiliate thereof, is compensated for the rendition of such

122 services other than through a distributive share of partnership profits  
123 or an annual percentage of partnership capital or assets established in  
124 the limited partnership's offering statement, and (ii) the general  
125 partner, or an affiliate thereof, offers such services to others, including  
126 any other partnership. As used in subparagraph (EE)(i) "an affiliate of  
127 a general partner" means an entity which is directly or indirectly  
128 owned fifty per cent or more in common with a general partner; and  
129 (FF) notwithstanding the provisions of section 12-412, as amended,  
130 except subsection (87) thereof, patient care services, as defined in  
131 subsection [(30)] (29) of this section by a hospital; (j) the leasing or  
132 rental of tangible personal property of any kind whatsoever, including,  
133 but not limited to, motor vehicles, linen or towels, machinery or  
134 apparatus, office equipment and data processing equipment, provided  
135 for purposes of this subdivision and the application of sales and use  
136 tax to contracts of lease or rental of tangible personal property, the  
137 leasing or rental of any motion picture film by the owner or operator of  
138 a motion picture theater for purposes of display at such theater shall  
139 not constitute a sale within the meaning of this subsection; (k) the  
140 rendering of telecommunications service, as defined in subsection (26)  
141 of this section, for a consideration on or after January 1, 1990, exclusive  
142 of any such service rendered by an employee for [his] the employer of  
143 such employee, subject to the provisions related to telecommunications  
144 service in accordance with section 12-407a; (l) the rendering of  
145 community antenna television service, as defined in subsection (27) of  
146 this section, for a consideration on or after January 1, 1990, exclusive of  
147 any such service rendered by an employee for [his] the employer of  
148 such employee; (m) the transfer for consideration of space or the right  
149 to use any space for the purpose of storage or mooring of any  
150 noncommercial vessel, exclusive of dry or wet storage or mooring of  
151 such vessel during the period commencing on the first day of  
152 November in any year to and including the thirtieth day of April of the  
153 next succeeding year; (n) the sale for consideration of naming rights to  
154 any place of amusement, entertainment or recreation within the  
155 meaning of subdivision (3) of section 12-540; (o) the transfer for  
156 consideration of a prepaid telephone calling service, as defined in

157 section 3 of this act, and the recharge of a prepaid telephone calling  
158 service, provided, if the sale or recharge of a prepaid telephone calling  
159 service does not take place at the retailer's place of business and an  
160 item is shipped by the retailer to the customer, the sale or recharge  
161 shall be deemed to take place at the customer's shipping address, but,  
162 if such sale or recharge does not take place at the retailer's place of  
163 business and no item is shipped by the retailer to the customer, the sale  
164 or recharge shall be deemed to take place at the customer's billing  
165 address or the location associated with the customer's mobile  
166 telephone number. Wherever in this chapter reference is made to the  
167 sale of tangible personal property or services, it shall be construed to  
168 include sales described in this subsection, except as may be specifically  
169 provided to the contrary.

170 Sec. 2. Subdivision (26) of section 12-407 of the general statutes, as  
171 amended by section 10 of public act 99-173, section 10 of public act 99-  
172 285 and sections 1 and 3 of this act, is repealed and the following is  
173 substituted in lieu thereof:

174 (26) (a) "Telecommunications service" means the transmission of any  
175 interactive electromagnetic communications including but not limited  
176 to voice, image, data and any other information, by means of but not  
177 limited to wire, cable, including fiber optical cable, microwave, radio  
178 wave or any combinations of such media, and the leasing of any such  
179 service. "Telecommunications service" includes but is not limited to  
180 basic telephone service, including any facility or service provided in  
181 connection with such basic telephone service, toll telephone service  
182 and teletypewriter or computer exchange service, including but not  
183 limited to residential and business service, directory assistance, two-  
184 way cable television service, cellular mobile telephone or  
185 telecommunication service, specialized mobile radio and pagers and  
186 paging service, including any form of mobile two-way communication.  
187 "Telecommunications service" does not include (1) nonvoice services in  
188 which computer processing applications are used to act on the  
189 information to be transmitted, (2) any one-way radio or television  
190 broadcasting transmission, (3) any telecommunications service (A)

191 rendered by a company in control of such service when rendered for  
192 private use within its organization (B) used, allocated or distributed by  
193 a company within its organization, including in such organization  
194 affiliates, as defined in section 33-840, for the purpose of conducting  
195 business transactions of the organization if such service is purchased  
196 or leased from a company rendering telecommunications service and  
197 such purchase or lease is subject to tax under this chapter, and (4)  
198 access or interconnection service purchased by a provider of  
199 telecommunications service from another provider of such service for  
200 purposes of rendering such service, provided the purchaser submits to  
201 the seller a certificate attesting to the applicability of this exclusion,  
202 upon receipt of which the seller is relieved of any tax liability for such  
203 sale so long as the certificate is taken in good faith by the seller.

204 (b) For purposes of the tax imposed under this chapter (1) gross  
205 receipts from the rendering of telecommunications service shall  
206 include any subscriber line charge or charges as required by the  
207 Federal Communications Commission and any charges for access  
208 service collected by any person rendering such service unless  
209 otherwise excluded from such gross receipts under this chapter; [and]  
210 (2) gross receipts from the rendering of telecommunications service  
211 shall not include any local charge for calls from public or semipublic  
212 telephones; and (3) gross receipts from the rendering of  
213 telecommunications service shall not include any charge for calls  
214 purchased using a prepaid telephone calling service, as defined in  
215 section 3 of this act.

216 Sec. 3. Section 12-407 of the general statutes, as amended by section  
217 10 of public act 99-173 and section 10 of public act 99-285, is amended  
218 by adding subsection (31) as follows:

219 (NEW) (31) "Prepaid telephone calling service" means the right to  
220 exclusively purchase telecommunications service, that must be paid for  
221 in advance and that enables the origination of calls using an access  
222 number or authorization code, or both, whether manually or  
223 electronically dialed, provided the remaining amount of units of

224 service that have been prepaid shall be known on a continuous basis.

225 Sec. 4. Subsection (1) of section 12-408 of the general statutes, as  
226 amended by section 13 of public act 99-173, is repealed and the  
227 following is substituted in lieu thereof:

228 (1) For the privilege of making any sales as defined in subdivision  
229 (2) of section 12-407, as amended by this act, at retail, in this state for a  
230 consideration, a tax is hereby imposed on all retailers at the rate of six  
231 per cent of the gross receipts of any retailer from the sale of all tangible  
232 personal property sold at retail or from the rendering of any services  
233 constituting a sale in accordance with subdivision (2) of section 12-407,  
234 as amended by this act, except, in lieu of said rate of six per cent, (A) at  
235 a rate of twelve per cent with respect to each transfer of occupancy,  
236 from the total amount of rent received for such occupancy of any room  
237 or rooms in a hotel or lodging house for the first period not exceeding  
238 thirty consecutive calendar days, (B) with respect to the sale of a motor  
239 vehicle to any individual who is a member of the armed forces of the  
240 United States and is on full-time active duty in Connecticut and who is  
241 considered, under 50 App USC 574, a resident of another state, or to  
242 any such individual and the spouse thereof, at a rate of four and  
243 one-half per cent of the gross receipts of any retailer from such sales,  
244 provided such retailer requires and maintains [an affidavit] a  
245 declaration by such individual, prescribed as to form by the  
246 commissioner and bearing notice to the effect that false statements  
247 made in such declaration are punishable, or other evidence,  
248 satisfactory to the commissioner, concerning the purchaser's state of  
249 residence under 50 App USC 574, (C) with respect to the sales of  
250 computer and data processing services occurring on or after July 1,  
251 1997, and prior to July 1, 1998, at the rate of five per cent, on or after  
252 July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or  
253 after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent,  
254 on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per  
255 cent, on or after July 1, 2001, and prior to July 1, 2002, at the rate of one  
256 per cent and on and after July 1, 2002, such services shall be exempt  
257 from such tax, (D) with respect to the sales of labor [ ] that is otherwise

258 taxable under subdivision (c) or (g) of subsection (2) of section 12-407,  
259 as amended, on existing vessels and repair or maintenance services on  
260 vessels [, as defined in section 15-127,] occurring on and after July 1,  
261 1999, such services shall be exempt from such tax, (E) with respect to  
262 sales of the renovation and repair services of paving of any sort,  
263 painting or staining, wallpapering, roofing, siding and exterior sheet  
264 metal work, to other than industrial, commercial or income-producing  
265 real property, occurring on or after July 1, 1999, and prior to July 1,  
266 2000, at the rate of four per cent, with respect to such sales occurring  
267 on or after July 1, 2000, but prior to July 1, 2001, at the rate of two per  
268 cent, and on and after July 1, 2001, sales of such renovation and repair  
269 services shall be exempt from such tax, and (F) with respect to patient  
270 care services occurring on or after July 1, 1999, at the rate of five and  
271 three-fourths per cent. The rate of tax imposed by this chapter shall be  
272 applicable to all retail sales upon the effective date of such rate, except  
273 that a new rate which represents an increase in the rate applicable to  
274 the sale shall not apply to any sales transaction wherein a binding sales  
275 contract without an escalator clause has been entered into prior to the  
276 effective date of the new rate and delivery is made within ninety days  
277 after the effective date of the new rate. For the purposes of payment of  
278 the tax imposed under this section, any retailer of services taxable  
279 under subdivision (2)(i) of section 12-407, as amended, who computes  
280 taxable income, for purposes of taxation under the Internal Revenue  
281 Code of 1986, or any subsequent corresponding internal revenue code  
282 of the United States, as from time to time amended, on an accounting  
283 basis which recognizes only cash or other valuable consideration  
284 actually received as income and who is liable for such tax only due to  
285 the rendering of such services may make payments related to such tax  
286 for the period during which such income is received, without penalty  
287 or interest, without regard to when such service is rendered.  
288 [Information about the state sales tax rate of other states shall, upon  
289 request, be furnished by the commissioner.]

290 Sec. 5. Subsections (1) to (3), inclusive, of section 12-410 of the  
291 general statutes are repealed and the following is substituted in lieu

292 thereof:

293 (1) For the purpose of the proper administration of this chapter and  
294 to prevent evasion of the sales tax it shall be presumed that all receipts  
295 are gross receipts that are subject to the tax until the contrary is  
296 established. The burden of proving that a sale of tangible personal  
297 property or service constituting a sale in accordance with subsection  
298 (2) of section 12-407, as amended by this act, is not a sale at retail is  
299 upon the person who makes the sale unless [he] such person takes in  
300 good faith from the purchaser a certificate to the effect that the  
301 property or service is purchased for resale.

302 (2) The certificate relieves the seller from the burden of proof only if  
303 taken in good faith from a person who is engaged in the business of  
304 selling tangible personal property or services constituting a sale in  
305 accordance with subsection (2) of section 12-407, as amended by this  
306 act, and who holds the permit provided for in section 12-409 and who,  
307 at the time of purchasing the tangible personal property or service: (A)  
308 Intends to sell it in the regular course of business; (B) intends to utilize  
309 such personal property in the delivery of landscaping or horticulture  
310 services, provided the total sale price of all such landscaping and  
311 horticulture services are taxable under this chapter or (C) is unable to  
312 ascertain at the time of purchase whether the property or service will  
313 be sold or will be used for some other purpose. The burden of  
314 establishing that a certificate is taken in good faith is on the seller. A  
315 certificate to the effect that property or service is purchased for resale  
316 taken from the purchaser by the seller shall be deemed to be taken in  
317 good faith if the tangible personal property or service purchased is  
318 similar to or of the same general character as property or service which  
319 the seller could reasonably assume would be sold by the purchaser in  
320 the regular course of business.

321 (3) The certificate shall be signed by and bear the name and address  
322 of the purchaser, shall indicate the number of the permit issued to the  
323 purchaser and shall indicate the general character of the tangible  
324 personal property or service sold by the purchaser in the regular

325 course of business. The certificate shall be substantially in such form as  
326 the commissioner prescribes.

327 Sec. 6. Subsection (1) of section 12-411 of the general statutes, as  
328 amended by section 15 of public act 99-173, is repealed and the  
329 following is substituted in lieu thereof:

330 (1) An excise tax is hereby imposed on the storage, acceptance,  
331 consumption or any other use in this state of tangible personal  
332 property purchased from any retailer for storage, acceptance,  
333 consumption or any other use in this state, the acceptance or receipt of  
334 any services constituting a sale in accordance with subdivision (2) of  
335 section 12-407, as amended by this act, purchased from any retailer for  
336 consumption or use in this state, or the storage, acceptance,  
337 consumption or any other use in this state of tangible personal  
338 property which has been manufactured, fabricated, assembled or  
339 processed from materials by a person, either within or without this  
340 state, for storage, acceptance, consumption or any other use by such  
341 person in this state, to be measured by the sales price of materials, at  
342 the rate of six per cent of the sales price of such property or services,  
343 except, in lieu of said rate of six per cent, (A) at a rate of twelve per  
344 cent of the rent paid for occupancy of any room or rooms in a hotel or  
345 lodging house for the first period of not exceeding thirty consecutive  
346 calendar days, (B) with respect to the storage, acceptance, consumption  
347 or use in this state of a motor vehicle purchased from any retailer for  
348 storage, acceptance, consumption or use in this state by any individual  
349 who is a member of the armed forces of the United States and is on  
350 full-time active duty in Connecticut and who is considered, under 50  
351 App USC 574, a resident of another state, or to any such individual  
352 and the spouse of such individual at a rate of four and one-half per  
353 cent of the sales price of such vehicle, provided such retailer requires  
354 and maintains [an affidavit] a declaration by such individual,  
355 prescribed as to form by the commissioner and bearing notice to the  
356 effect that false statements made in such declaration are punishable, or  
357 other evidence, satisfactory to the commissioner, concerning the  
358 purchaser's state of residence under 50 App USC 574, (C) [with respect

359 to the storage, acceptance, consumption or use in this state of a vessel  
360 purchased from any retailer for storage, acceptance, consumption or  
361 any other use in this state by any individual who does not maintain a  
362 permanent place of abode in this state and who is a resident of another  
363 state and who does not present such vessel for registration with the  
364 Department of Motor Vehicles in this state, at a rate which is the lesser  
365 of: (i) Six per cent of the sales price of such vessel; or (ii) the percentage  
366 of such sales price that is payable as a state use tax by purchasers  
367 making purchases in the purchaser's state of residence, provided the  
368 retailer requires and maintains an affidavit or other evidence,  
369 satisfactory to the commissioner, concerning the purchaser's state of  
370 residence, (D)] with respect to the [sales of] acceptance or receipt in  
371 this state of labor that is otherwise taxable under subdivision (c) or (g)  
372 of subsection (2) of section 12-407, as amended by this act, on existing  
373 vessels and repair or maintenance services on vessels [as defined in  
374 section 15-127,] occurring [on or after July 1, 1997, and prior to July 1,  
375 1998, at the rate of four per cent, on or after July 1, 1998, and prior to  
376 July 1, 1999, at the rate of two per cent and] on and after July 1, 1999,  
377 such services shall be exempt from such tax, [(E)] (D) with respect to  
378 the acceptance or receipt in this state of computer and data processing  
379 services purchased from any retailer for consumption or use in this  
380 state occurring on or after July 1, 1997, and prior to July 1, 1998, at the  
381 rate of five per cent of such services, on or after July 1, 1998, and prior  
382 to July 1, 1999, at the rate of four per cent of such services, on or after  
383 July 1, 1999, and prior to July 1, 2000, at the rate of three per cent of  
384 such services, on or after July 1, 2000, and prior to July 1, 2001, at the  
385 rate of two per cent of such services, on and after July 1, 2001, and  
386 prior to July 1, 2002, at the rate of one per cent of such services and on  
387 and after July 1, 2002, such services shall be exempt from such tax, [(F)]  
388 (E) with respect to the acceptance or receipt in this state of patient care  
389 services purchased from any retailer for consumption or use in this  
390 state occurring on or after July 1, 1999, at the rate of five and three-  
391 fourths per cent, and [(G)] (E) with respect to acceptance of the  
392 renovation and repair services of paving of any sort, painting or  
393 staining, wallpapering, roofing, siding and exterior sheet metal work,

394 to other than industrial, commercial or income-producing real  
395 property, occurring on or after July 1, 1999, and prior to July 1, 2000, at  
396 the rate of four per cent, with respect to such sales occurring on or after  
397 July 1, 2000, and prior to July 1, 2001, at the rate of two per cent, and on  
398 and after July 1, 2001, sales of such renovation and repair services shall  
399 be exempt from such tax. [Information about the state use tax rate of  
400 other states shall, upon request, be furnished by the commissioner.]

401 Sec. 7. Subsection (9) of section 12-411 of the general statutes is  
402 repealed and the following is substituted in lieu thereof:

403 (9) For the purpose of the proper administration of this chapter and  
404 to prevent evasion of the use tax and the duty to collect the use tax, it  
405 shall be presumed that services or tangible personal property sold by  
406 any person for delivery in this state is sold for storage, acceptance,  
407 consumption or other use in this state until the contrary is established.  
408 The burden of proving the contrary is upon the person who makes the  
409 sale unless [he] such person takes from the purchaser a certificate to  
410 the effect that the services or property is purchased for resale.

411 Sec. 8. Subdivision (5) of section 12-412 of the general statutes is  
412 repealed and the following is substituted in lieu thereof:

413 (5) Sales of tangible personal property or services to and by  
414 nonprofit charitable hospitals in this state, nonprofit nursing homes,  
415 nonprofit rest homes and nonprofit residential care homes licensed by  
416 the state pursuant to chapter 368v for the exclusive purposes of such  
417 institutions except any such service transaction as described in  
418 subparagraph [(GG)] (FF) of subdivision (i) of subsection (2) of section  
419 12-407, as amended by this act.

420 Sec. 9. Subsection (9) of section 12-412 of the general statutes is  
421 repealed and the following is substituted in lieu thereof:

422 (9) Sales of food products, [and] meals, candy, confectionery and  
423 beverages, except alcoholic beverages, in a student cafeteria, dining-  
424 hall, dormitory, fraternity or sorority maintained in a private, public or

425 parochial school, college or university, to members of such institutions  
426 or organizations, including all sales of such items to such members at  
427 such institutions or organizations using prepaid meal plan cards or  
428 arrangements; and sales of food products, [and] meals, candy,  
429 confectionery and beverages to patients, residents or care recipients in  
430 hospitals, residential care homes, assisted living facilities, senior  
431 centers, day care centers, convalescent homes, nursing homes and rest  
432 homes.

433 Sec. 10. Subsection (15) of section 12-412 of the general statutes is  
434 repealed and the following is substituted in lieu thereof:

435 [(15) There are exempted from the taxes imposed by this chapter the  
436 gross receipts from the distribution of and the storage, use or other  
437 consumption in this state of motor vehicle fuel the distribution of  
438 which in this state is subject to the tax imposed by the laws of this  
439 state.]

440 (15) Sales of and the storage, use or other consumption in this state  
441 of motor vehicle fuel (A) for use in any motor vehicle licensed or  
442 required to be licensed to operate upon the public highways of this  
443 state, whether or not the tax imposed under chapter 221 has been paid  
444 on such fuel, or (B) for any other use, if the tax imposed under chapter  
445 221 has been paid on such fuel and has not been refunded under the  
446 provisions of chapter 221.

447 Sec. 11. Subsection (48) of section 12-412 of the general statutes, as  
448 amended by section 18 of public act 99-173, is repealed and the  
449 following is substituted in lieu thereof:

450 (48) Sales of the following drugs or medicines available for purchase  
451 without prescription for use in or on the [human] body: Vitamin or  
452 mineral concentrates; dietary supplements; natural or herbal drugs or  
453 medicines; products intended to be taken for coughs, colds, asthma or  
454 allergies; antihistamines; laxatives; antidiarrheal medicines;  
455 analgesics; antibiotic, antibacterial, antiviral and antifungal medicines;  
456 antiseptics; astringents; anesthetics; steroidal medicines; anthelmintics;

457 emetics and antiemetics; antacids; and any medication prepared to be  
458 used in [a person's] the eyes, ears or nose, excluding cosmetics,  
459 dentifrices, mouthwash, shaving and hair care products, soaps and  
460 deodorants.

461 Sec. 12. Subdivision (63) of section 12-412 of the general statutes is  
462 repealed and the following is substituted in lieu thereof:

463 (63) (A) Sales of and the storage, use or other consumption of  
464 tangible personal property exclusively for use in agricultural  
465 production, as defined in this subsection, by a farmer engaged in  
466 agricultural production as a trade or business and to whom the  
467 Department of Revenue Services has issued a farmer tax exemption  
468 permit, provided [in the farmer's immediately preceding taxable year  
469 for federal income tax purposes,] such farmer's gross income from  
470 such agricultural production, as reported for federal income tax  
471 purposes, shall have been (i) not less than two thousand five hundred  
472 dollars [, as reported for federal income tax purposes on Schedule C or  
473 Schedule F attached to Internal Revenue Service Form 1040, 1041 or  
474 1065 where the business is conducted by an individual, estate, trust or  
475 partnership or would be reportable on Schedule C or Schedule F but  
476 for the fact that the business is conducted by a corporation] for the  
477 immediately preceding taxable year, or (ii) on average, not less than  
478 two thousand five hundred dollars for the two immediately preceding  
479 taxable years.

480 (B) The Commissioner of Revenue Services shall adopt regulations  
481 in accordance with chapter 54 requiring periodic registration for  
482 purposes of the issuance of farmer tax exemption permits, including  
483 [(1)] (i) a procedure related to the application for such permit, [(2)]  
484 such application to include a declaration, prescribed as to form by the  
485 Commissioner of Revenue Services and bearing notice to the effect that  
486 false statements made in such declaration are punishable, to be signed  
487 by the applicant, and (ii) a form of notice concerning the penalty for  
488 misuse of such permit. [and (3) required notarization of the application  
489 of such permit.]

490        (C) As used in this subsection, (i) "agricultural production" means  
491 engaging, as a trade or business, in ~~[(A)] (I)~~ the raising and harvesting  
492 of any agricultural or horticultural commodity, ~~[(B)] (II)~~ dairy farming,  
493 ~~[(C)] (III)~~ forestry, ~~[(D)] (IV)~~ the raising, feeding, caring for, shearing,  
494 training or management of livestock, including horses, bees, poultry,  
495 fur-bearing animals or wildlife or ~~[(E)] (V)~~ the raising and harvesting  
496 of fish, oysters, clams, mussels or other molluscan shellfish; and (ii)  
497 "farmer" means any person engaged in agricultural production as a  
498 trade or business.

499        (D) The Department of Revenue Services may issue a farmer tax  
500 exemption permit to a farmer, notwithstanding the fact that, in the  
501 farmer's immediately preceding taxable year, such farmer's gross  
502 income from agricultural production engaged in as a trade or business  
503 may have been less than two thousand five hundred dollars, provided  
504 (i) such farmer purchased, during such farmer's current or  
505 immediately preceding taxable year, an agricultural trade or business  
506 from a seller who was issued a farmer tax exemption permit by such  
507 department at the time of such purchase and (ii) such agricultural  
508 production ~~[trade or business]~~ shall be carried on as a trade or business  
509 by such purchaser during the period commencing upon the purchase  
510 and ending ~~[five]~~ two years after the date of purchase. Such purchaser  
511 shall be liable for the tax otherwise imposed, during the period  
512 commencing upon such purchase and ending ~~[five]~~ two years after the  
513 date of purchase, if such agricultural production ~~[trade or business]~~ is  
514 not carried on as a trade or business by such purchaser during the  
515 period commencing upon such purchase and ending ~~[five]~~ two years  
516 after the date of purchase.

517        (E) (i) The Department of Revenue Services, under such regulations  
518 as the Commissioner of Revenue Services may adopt in accordance  
519 with the provisions of chapter 54, may issue a farmer tax exemption  
520 permit to an applicant, provided such applicant has satisfied the  
521 commissioner that the applicant intends to carry on agricultural  
522 production as a trade or business for at least two years,  
523 notwithstanding the fact that the applicant was not engaged in

524 agricultural production as a trade or business in the immediately  
525 preceding taxable year or, if the applicant was engaged in agricultural  
526 production as a trade or business in the immediately preceding taxable  
527 year, notwithstanding the fact that the applicant's gross income from  
528 such agricultural production, as reported for federal income tax  
529 purposes, was less than two thousand five hundred dollars for the  
530 immediately preceding taxable year or, on average, less than two  
531 thousand five hundred dollars for the two immediately preceding  
532 taxable years.

533 (ii) Such applicant shall be liable for the tax imposed under this  
534 chapter during the period commencing upon the issuance of the  
535 permit and ending two years after the date of issuance of the permit if  
536 agricultural production is not carried on as a trade or business by such  
537 applicant during such entire period.

538 (iii) Such applicant shall also be liable for the tax otherwise  
539 imposed, during the period commencing upon the issuance of the  
540 permit and ending two years after the date of issuance of the permit, if  
541 (I) such applicant's gross income from such agricultural production, as  
542 reported for federal income tax purposes, is less than two thousand  
543 five hundred dollars for the immediately preceding taxable year or, on  
544 average, less than two thousand five hundred dollars for the two  
545 immediately preceding taxable years and (II) such applicant's expenses  
546 from such agricultural production, as reported for federal income tax  
547 purposes, are less than two thousand five hundred dollars for the  
548 immediately preceding taxable year or, on average, less than two  
549 thousand five hundred dollars for the two immediately preceding  
550 taxable years.

551 (iv) Any applicant liable for tax under subparagraph (ii) or (iii) of  
552 this paragraph shall not be eligible to be issued another permit under  
553 subparagraph (i) of this subdivision.

554 Sec. 13. Section 12-413 of the general statutes is amended by adding  
555 subdivision (4) as follows:

556 (NEW) (4) The use tax shall not apply to the purchase of any articles  
557 of tangible personal property by a retailer for resale, if those articles  
558 are subsequently withdrawn from inventory and donated by the  
559 retailer to (A) the United States, the state of Connecticut or any of the  
560 political subdivisions thereof, or its or their respective agencies, or (B)  
561 any organization that is exempt from federal income tax under Section  
562 501(a) of the Internal Revenue Code of 1986, or any subsequent  
563 corresponding internal revenue code of the United States, as from time  
564 to time amended, and that the United States Treasury Department has  
565 expressly determined, by letter, to be an organization that is described  
566 in Section 501(c)(3) of said internal revenue code.

567 Sec. 14. Section 12-416a of the general statutes is repealed and the  
568 following is substituted in lieu thereof:

569 The Commissioner of Revenue Services is authorized to pay to a  
570 municipal agency an amount not to exceed fifty per cent of the tax  
571 actually collected as the result of an assessment made under section 12-  
572 415, as amended, or 12-416, as amended, against the purchaser of a  
573 vessel, as defined in subdivision (24) of section 12-407, if said  
574 commissioner, in [his] the commissioner's sole discretion, determines  
575 that information provided by such agency was instrumental in the  
576 making of such assessment. Notwithstanding the provisions of section  
577 12-15, as amended, the commissioner may disclose to a municipal  
578 agency that receives a payment under this section the name and  
579 address of the person against whom the assessment is made, the  
580 amount of the tax actually assessed and the amount of the tax actually  
581 collected with respect to which such a payment may be made.

582 Sec. 15. Section 12-418 of the general statutes, as amended by section  
583 14 of public act 99-121, is repealed and the following is substituted in  
584 lieu thereof:

585 (1) (A) Any person against whom as assessment is made under  
586 section 12-414a, 12-415, as amended, [or] 12-416, as amended, or 12-  
587 424, as amended by this act, or any person directly interested may

588 petition for a reassessment not later than sixty days after service upon  
589 such person of notice thereof. If a petition for reassessment is not filed  
590 within the sixty-day period, the assessment becomes final at the  
591 expiration of the period.

592 (B) Any person against whom an assessment is made under section  
593 12-417, as amended, or any person directly interested may petition for  
594 a reassessment not later than ten days after service of notice upon such  
595 person. If a petition for reassessment is not filed within such ten-day  
596 period, the assessment becomes final at the expiration of the period.

597 (2) If a petition for reassessment is filed within the sixty-day period,  
598 in the case of an assessment made under section 12-414a, 12-415, as  
599 amended, [or] 12-416, as amended, or 12-424, as amended by this act,  
600 or within the ten-day period, in the case of an assessment made under  
601 section 12-417, as amended, the commissioner shall reconsider the  
602 assessment and, if the person has so requested in the petition, shall, in  
603 the commissioner's discretion, grant the person an oral hearing and  
604 shall give such person ten days' notice of the time and place of the  
605 hearing. The commissioner may continue the hearing from time to  
606 time, as may be necessary, and may assign the conduct of such hearing  
607 to a representative of the commissioner.

608 (3) The commissioner may decrease or increase the amount of the  
609 assessment before it becomes final, but the amount may be increased  
610 only if a claim for the increase is asserted by the commissioner at or  
611 before the hearing.

612 (4) The order or decision of the commissioner upon a petition for  
613 reassessment becomes final one month after service upon the  
614 petitioner of notice thereof unless within such period the petitioner  
615 seeks judicial review of the commissioner's order or decision pursuant  
616 to section 12-422.

617 (5) All assessments made by the commissioner under [sections]  
618 section 12-414a, 12-415, as amended, [and] 12-416, as amended, or 12-  
619 424, as amended by this act, are due and payable at the time they

620 become final.

621 (6) Any notice required by this section shall be served personally or  
622 by mail in the manner prescribed for service of notice of a deficiency  
623 assessment.

624 Sec. 16. Section 12-424 of the general statutes is repealed and the  
625 following is substituted in lieu thereof:

626 (1) If any [retailer] person liable for any amount under this chapter  
627 sells out his or her business or stock of goods or quits the business,  
628 [his] such person's successors or assigns shall withhold sufficient of the  
629 purchase price to cover such amount until the former owner produces  
630 a receipt from the commissioner showing that it has been paid or a  
631 certificate stating that no amount is due.

632 (2) If the purchaser of a business or stock of goods fails to withhold  
633 the purchase price as required, [he] such purchaser becomes  
634 personally liable for the payment of the amount required to be  
635 withheld by [him] the purchaser to the extent of the purchase price,  
636 valued in money. Within sixty days after receiving a written request  
637 from the purchaser for a certificate, the commissioner shall either issue  
638 the certificate or mail notice to the purchaser at [his] said purchaser's  
639 address as it appears on the records of the commissioner of the amount  
640 that must be paid as a condition of issuing the certificate. Failure of the  
641 commissioner to mail the notice shall release the purchaser from any  
642 further obligation to withhold the purchase price as above provided.  
643 The time within which the obligation of the successor may be enforced  
644 shall start to run at the time the [retailer] person sells out his or her  
645 business or stock of goods or quits the business or at the time that the  
646 assessment against [the retailer] such person becomes final, whichever  
647 event occurs later.

648 Sec. 17. Subsection (7) of section 12-430 of the general statutes is  
649 repealed and the following is substituted in lieu thereof:

650 (7) (a) (i) When a nonresident contractor enters into a contract with a

651 person other than a direct payment permit holder, as the term is used  
652 in section 12-409a, as amended, pursuant to which, or in the carrying  
653 out of which, tangible personal property will be consumed or used in  
654 this state, such nonresident contractor shall deposit with the  
655 Commissioner of Revenue Services at the commencement of such  
656 contract a sum equivalent to five per cent of the total amount to be  
657 paid under the contract or shall furnish the Commissioner of Revenue  
658 Services with a guarantee bond satisfactory to said commissioner in a  
659 sum equivalent to five per cent of such total amount, to secure  
660 payment of the taxes payable with respect to tangible personal  
661 property consumed or used pursuant to or in the carrying out of such  
662 contract or any other state taxes, and shall obtain a certificate from the  
663 Commissioner of Revenue Services that the requirements of this  
664 subsection have been met. [; ]

665 (ii) When a nonresident contractor enters into a contract with a  
666 direct payment permit holder pursuant to which, or in the carrying out  
667 of which, tangible personal property will be consumed or used in this  
668 state, such nonresident contractor shall deposit with the Commissioner  
669 of Revenue Services at the commencement of such contract a sum  
670 equivalent to two per cent of the total amount to be paid under the  
671 contract or shall furnish the Commissioner of Revenue Services with a  
672 guarantee bond satisfactory to said commissioner in a sum equivalent  
673 to two per cent of such total amount, to secure payment of the taxes  
674 payable with respect to tangible personal property consumed or used  
675 pursuant to or in the carrying out of such contract or any other state  
676 taxes, and shall obtain a certificate from the Commissioner of Revenue  
677 Services that the requirements of this subsection have been met.

678 (b) [any] (i) Any person other than a direct payment permit holder  
679 dealing with a nonresident contractor without first obtaining a copy of  
680 such certificate from said commissioner shall no later than thirty days  
681 after the commencement of such contract deduct five per cent of all  
682 amounts payable to such nonresident contractor and pay it over to said  
683 commissioner on behalf of or as agent for such nonresident contractor  
684 or shall furnish said commissioner with a guarantee bond satisfactory

685 to said commissioner in a sum equivalent to five per cent of such total  
686 amount, to secure payment of the taxes payable with respect to such  
687 tangible personal property consumed or used pursuant to or in the  
688 carrying out of such contract or any other state taxes. [;]

689 (ii) Any direct payment permit holder dealing with a nonresident  
690 contractor without first obtaining a copy of such certificate from said  
691 commissioner shall no later than thirty days after the commencement  
692 of such contract deduct two per cent of all amounts payable to such  
693 nonresident contractor and pay it over to said commissioner on behalf  
694 of or as agent for such nonresident contractor or shall furnish said  
695 commissioner with a guarantee bond satisfactory to said commissioner  
696 in a sum equivalent to two per cent of such total amount, to secure  
697 payment of the taxes payable with respect to such tangible personal  
698 property consumed or used pursuant to or in the carrying out of such  
699 contract or any other state taxes.

700 (c) [if] If any person dealing with such nonresident contractor fails  
701 to comply with subdivision (b) of this subsection, such person shall be  
702 personally liable for payment of the taxes imposed by this chapter with  
703 respect to such tangible personal property consumed or used pursuant  
704 to or in carrying out such contract or any other state taxes. [;]

705 (d) [when] When a nonresident contractor enters into a contract  
706 with the state, said contractor shall provide the Labor Department  
707 with evidence demonstrating compliance with the provisions of  
708 chapters 567 and 568, the prevailing wage requirements of chapter 557  
709 and any other provisions of the general statutes related to conditions  
710 of employment.

711 Sec. 18. Subsection (a) of section 12-431 of the general statutes, as  
712 amended by section 29 of public act 99-173, is repealed and the  
713 following is substituted in lieu thereof:

714 (a) [In] (1) Except as otherwise provided in subdivision (2) of this  
715 subsection, in case of the purchase of any motor vehicle, snowmobile,  
716 vessel or aircraft other than from a licensed motor vehicle dealer or

717 licensed motor vehicle lessor, a snowmobile dealer, a licensed marine  
718 dealer or a retailer of aircraft, respectively, the receipts therefrom shall  
719 not be included in the measure of the sales tax, but the purchaser  
720 thereof shall pay a use tax on the total purchase price thereof to the  
721 Commissioner of Revenue Services, as provided in section 12-411, as  
722 amended, in the case of tangible personal property purchased from a  
723 retailer, and, in the case of motor vehicles, vessels and snowmobiles,  
724 before obtaining an original or transferal registration, in accordance  
725 with regulations prescribed by the Commissioner of Revenue Services  
726 and on forms approved by the Commissioner of Revenue Services and  
727 the Commissioner of Motor Vehicles, and, in the case of aircraft, before  
728 obtaining an original or transferal registration, in accordance with  
729 regulations prescribed by the Commissioner of Revenue Services and  
730 on forms approved by the Commissioner of Revenue Services and the  
731 Commissioner of Transportation. [; provided no]

732 (2) No use tax shall be payable in cases of purchase [(1)] (A) when  
733 the purchaser is the spouse, mother, father, brother, sister or child of  
734 the seller, [(2)] (B) when a motor vehicle or vessel is sold in connection  
735 with the organization, reorganization or liquidation of an incorporated  
736 business, provided [(A)] the last taxable sale or use of the motor  
737 vehicle or vessel was subjected to a tax imposed by this chapter [, (B)]  
738 and the purchaser is the incorporated business or a stockholder  
739 thereof, [and (C) any gain or loss to the seller is not recognized for  
740 federal income tax purposes under the provisions of the Internal  
741 Revenue Code and Treasury regulations and rulings issued  
742 thereunder, (3)] (C) when a motor vehicle is sold in connection with  
743 the organization or termination of a partnership or limited liability  
744 company, provided [(A)] the last taxable sale or use of the motor  
745 vehicle was subjected to a tax imposed by this chapter [, (B)] and the  
746 purchaser is the partnership or limited liability company, as the case  
747 may be, or a partner or member, thereof, as the case may be, [and (C)  
748 any gain or loss to the seller is not recognized for federal income tax  
749 purposes under the provisions of the Internal Revenue Code and  
750 Treasury regulations and rulings issued thereunder, or (4)] or (D)

751 when a motor vehicle which has been declared a total loss pursuant to  
752 the provisions of section 14-16c, as amended, is rebuilt for sale or use,  
753 provided the purchaser was subjected to the tax imposed by this  
754 chapter for the last taxable sale of said vehicle.

755 Sec. 19. Subdivision (4) of section 12-540 of the general statutes, as  
756 amended by section 49 of public act 99-173 and section 3 of public act  
757 99-235, is repealed and the following is substituted in lieu thereof:

758 (4) "Dues" shall include assessment charges to members irrespective  
759 of the purpose for which made and any charges for social, athletic or  
760 sporting privileges or facilities for any period of more than six days  
761 but not including charges made for instruction, charges for locker  
762 rental or charges for special assessments made (A) for the construction  
763 or reconstruction of any social, athletic or sporting facility or any  
764 increase in charges made after June 29, 1999, which increase is to be  
765 used for the acquisition of land provided such land is "farm land",  
766 "open space land" or "forest land", as defined in section 12-107b, and  
767 further provided that an application or applications pursuant to  
768 section 12-107c, 12-107d or 12-107e are made for the assessment list  
769 next following the acquisition of such land, or (B) for the construction  
770 or reconstruction of any capital addition to any such facility, or (C)  
771 furnishings or fixtures, including installation charges, for any such  
772 facility, to the extent that such furnishings or fixtures are required, by  
773 reason of the construction or reconstruction described in subdivision  
774 (A) or (B) of this subsection, for the use of such facility upon  
775 completion of such construction or reconstruction; except that, in the  
776 case of any such amount which is not expended for such construction,  
777 reconstruction, furnishings or fixtures, including installation charges,  
778 within three years after the date of payment of such amount, the  
779 exemption provided by this subsection shall cease to apply upon the  
780 expiration of such three-year period, and the club shall be liable for  
781 any tax imposed by section 12-543, as amended, in respect of such  
782 payment, as if such payment had been made on the first day following  
783 the expiration of such three-year period.

784 Sec. 20. Subsection (a) of section 12-556g of the general statutes is  
785 repealed and the following is substituted in lieu thereof:

786 (a) A facilities surcharge shall be imposed on the admission charge,  
787 as defined in subsection (3) of section [12-450] 12-540, as amended, to  
788 the events at facilities owned or managed by the Tennis Foundation of  
789 Connecticut or any successor organization. The surcharge shall be  
790 imposed at a rate of ten per cent of such admission charge and shall be  
791 in addition to any tax otherwise applicable to such transaction. The  
792 surcharge shall be imposed on sponsors and promoters of events held  
793 at facilities owned or managed by the Tennis Foundation of  
794 Connecticut or any successor organization and reimbursement for the  
795 surcharge shall be collected by the sponsor or promoter from the  
796 purchaser. Such reimbursement shall be paid by the purchaser to the  
797 sponsor or promoter. The surcharge, when added to the admission  
798 charge, shall be a debt from the purchaser to the sponsor or promoter  
799 and shall be recoverable at law.

800 Sec. 21. Subparagraph (A) of subdivision (20) of subsection (a) of  
801 section 12-213 of the general statutes is repealed and the following is  
802 substituted in lieu thereof:

803 (20) (A) "Carrying on or doing business" means and includes each  
804 and every act, power or privilege exercised or enjoyed in this state, as  
805 an incident to, or by virtue of, the powers and privileges acquired by  
806 the nature of any organization whether the form of existence is  
807 corporate, associate, joint stock company or fiduciary, and includes the  
808 direct or indirect engaging in, transacting or conducting of activity in  
809 this state by an electric supplier, as defined in section 16-1, as  
810 amended, or generation entity or affiliate, as defined in section 16-1,  
811 [or,] as amended, for the purpose of establishing or maintaining a  
812 market for the sale of electricity or of electric generation services, as  
813 defined in section 16-1, as amended, to end use customers located in  
814 this state through the use of the transmission or distribution facilities  
815 of an electric distribution company, as defined in section 16-1, as  
816 amended, or, until unbundled in accordance with section 16-244e,

817 electric company, as defined in section 16-1, as amended.

818 Sec. 22. Subsection (a) of section 12-217e of the general statutes is  
819 repealed and the following is substituted in lieu thereof:

820 (a) There shall be allowed as a credit against the tax imposed by this  
821 chapter an amount equal to twenty-five per cent of that portion of such  
822 tax which is allocable to any manufacturing facility, provided, for any  
823 such facility which is located in an enterprise zone designated  
824 pursuant to section 32-70 or in a municipality with an entertainment  
825 district designated under section 32-76 or established under section 2  
826 of public act 93-311\* and which became eligible as a manufacturing  
827 facility after the designation of such zone and for which not less than  
828 one hundred fifty full-time employees or thirty per cent of the full-time  
829 employment positions directly attributable to the manufacturing  
830 facility were, during the last quarter of the income year of the  
831 taxpayer, held by employees of the taxpayer who at the time of  
832 employment were (1) residents of such zone, or (2) residents of such  
833 municipality and eligible for training under the Federal  
834 Comprehensive Employment Training Act or any other training  
835 program that may replace the Comprehensive Employment Training  
836 Act, a credit of fifty per cent shall be allowed. A position is directly  
837 attributable to the manufacturing facility if: (A) The work is performed  
838 or the base of operations is at the facility; (B) the position did not exist  
839 prior to the construction, renovation, expansion or acquisition of the  
840 facility; and (C) but for the construction, renovation, expansion or  
841 acquisition of the facility, the position would not have existed,  
842 provided nothing in this section shall preclude a position from being  
843 considered directly attributable to a manufacturing facility if such  
844 position formerly existed in an eligible manufacturing facility in the  
845 same municipality under section 32-9p, as amended by this act.

846 Sec. 23. Section 12-217s of the general statutes is repealed and the  
847 following is substituted in lieu thereof:

848 There shall be allowed as a credit against the tax imposed on any

849 corporation under this chapter which participates in the traffic  
850 reduction program established under section 13b-38p and conducted  
851 in this state, except corporations employing fewer than one hundred  
852 employees, with respect to any taxable year of such corporation  
853 commencing on or after January 1, 1997, an amount equal to fifty per  
854 cent of the amount spent in this state by such corporation, on or after  
855 January 1, 1995, for the direct costs of traffic reduction programs and  
856 services related thereto [instituted] conducted in this state by such  
857 corporation in response to the provisions of sections 13b-38o, 13b-38p,  
858 13b-38t, 13b-38v, as amended, and 13b-38x, not to exceed two hundred  
859 fifty dollars annually per employee employed in this state and  
860 participating in alternative means of commuting pursuant to traffic  
861 reduction programs conducted in this state. The total amount of credits  
862 available under the provisions of this section shall not exceed one  
863 million five hundred thousand dollars. The Department of  
864 Transportation shall adopt regulations in accordance with the  
865 provisions of chapter 54 which shall include, but not be limited to,  
866 establishing procedures for a corporation to obtain and qualify for the  
867 tax credit.

868 Sec. 24. Subdivision (5) of subsection (a) of section 12-217u of the  
869 general statutes is repealed and the following is substituted in lieu  
870 thereof:

871 (5) "Financial institution" means any bank, holding company or out-  
872 of-state bank, as those terms are defined in section 36a-2, or out-of-  
873 state holding company, as that term is defined in section 36a-410,  
874 which directly or indirectly establishes an office in Connecticut and is  
875 subject to the supervision of or regulation by the Commissioner of  
876 Banking pursuant to title 36a or by one or more federal banking  
877 agencies pursuant to applicable federal law. "Financial institution" also  
878 means any establishment described in major group 61 or 62 in the  
879 Standard Industrial Classification Manual, United States Office of  
880 Management and Budget, 1987 edition, or in Subsector 522 or 523 in  
881 the North American Industrial Classification System, United States  
882 manual, United States Office of Management and Budget, 1997 edition,

883 as engaged primarily in the extending of credit in the form of loans or  
884 the underwriting, purchase, sale or brokerage of securities and other  
885 financial contracts on their own account or for the account of others,  
886 and exchanges, exchange clearinghouses and other services allied with  
887 the exchange of securities and commodities or a holding company  
888 controlling any such establishment.

889 Sec. 25. Subdivision (2) of subsection (a) of section 12-217y of the  
890 general statutes, as amended by section 1 of public act 99-203, is  
891 repealed and the following is substituted in lieu thereof:

892 (2) "Qualifying employee" means [(A) during fiscal year 1999, any  
893 employee who is employed not less than twenty-five hours per week  
894 by the same business firm and who, at the time of being hired by such  
895 business firm, is and has been receiving benefits from the temporary  
896 family assistance program for more than nine months and meets other  
897 requirements that the Labor Commissioner may establish in  
898 regulations adopted in accordance with chapter 54, or (B)] during [and  
899 after] fiscal year 2000 or with respect to the business firm's income year  
900 commencing in 2000 or thereafter, any employee who is employed not  
901 less than thirty hours per week by the same business firm and who, at  
902 the time of being hired by such business firm, is and has been receiving  
903 benefits from the temporary family assistance program for more than  
904 nine months and meets other requirements that the Labor  
905 Commissioner may establish in regulations adopted in accordance  
906 with chapter 54. For [purpose] purposes of this subdivision, the  
907 number of hours per week an employee participates in a job training  
908 program approved by the Labor Commissioner shall be included in  
909 calculating the number of hours such employee is employed.

910 Sec. 26. Subdivision (1) of subsection (c) of section 12-223a of the  
911 general statutes is repealed and the following is substituted in lieu  
912 thereof:

913 (c) (1) (A) In the case of a combined return, the tax shall be  
914 measured by the sum of the separate net income or loss of each

915 corporation included or the minimum tax base of the included  
916 corporations but only to the extent that said income, loss or minimum  
917 tax base of any included corporation is separately apportioned to  
918 Connecticut in accordance with the provisions of section 12-218, as  
919 amended, 12-219a or 12-244, whichever is applicable. In computing  
920 said net income or loss, intercorporate dividends shall be eliminated,  
921 and in computing the combined additional tax base, intercorporate  
922 stockholdings shall be eliminated.

923 (B) In computing said net income or loss, any intangible expenses  
924 and costs, as defined in section 12-218c, any interest expenses and  
925 costs, as defined in section 12-218c, and any income attributable to  
926 such intangible expenses and costs or to such interest expenses and  
927 costs shall be eliminated provided the corporation that is required to  
928 make adjustments under section 12-218c for such intangible expenses  
929 and costs or for such interest expenses and costs, and the related  
930 member or members, as defined in section 12-218c, are included in  
931 such combined return. If any such income and any such expenses and  
932 costs are eliminated as provided in this subparagraph, the intangible  
933 property, as defined in section 12-218c, of the corporation eliminating  
934 such income shall not be taken into account in apportioning under the  
935 provisions of section 12-219a the tax calculated under subsection (a) of  
936 section 12-219 of such corporation.

937 Sec. 27. Subsection (b) of section 12-264 of the general statutes is  
938 repealed and the following is substituted in lieu thereof:

939 (b) (1) Each such company and municipal utility shall, on or before  
940 the last day of January, April, July and October of each year, render to  
941 the Commissioner of Revenue Services a return on forms prescribed or  
942 furnished by the commissioner and signed by its treasurer or the  
943 person performing the duties of treasurer, or by an authorized agent or  
944 officer, specifying [(1)] (A) the name and location of such company or  
945 municipal utility, [(2)] (B) the amount of gross earnings from  
946 operations for the quarter ending with the last day of the preceding  
947 month, [(3)] (C) the gross earnings from the sale or rental of appliances

948 using water, steam, gas or electricity and the cost of such appliances  
949 sold, cost to be interpreted as net invoice price plus transportation  
950 costs of such appliances, [(4)] (D) the gross earnings from all sales for  
951 resale of water, steam, gas and electricity, whether or not the  
952 purchasers are public service corporations, municipal utilities, located  
953 in the state or subject to the tax imposed by this chapter, [(5)] (E) the  
954 number of miles of water or steam pipes, gas mains or electric wires  
955 operated by such company or municipal utility within this state on the  
956 first day and on the last day of the calendar year immediately  
957 preceding, and [(6)] (F) the number of miles of water or steam pipes,  
958 gas mains or electric wires wherever operated by such company or  
959 municipal utility on said dates. Gas pipeline and gas transmission  
960 companies which do not manufacture or buy gas in this state for resale  
961 in this state shall be subject to the provisions of chapter 208 and shall  
962 not be subject to the provisions of this chapter and chapter 212a.

963 (2) No person, firm, corporation or municipality that is chartered or  
964 authorized by this state to transmit or sell gas within a franchise area  
965 shall transmit gas for any person that sells gas to be used for light, heat  
966 or power to an end user or users located in this state, unless such seller  
967 has registered with the Department of Revenue Services for purposes  
968 of the tax imposed under this chapter. The provisions of this  
969 subdivision shall not apply to the transmission of gas for any seller  
970 that is a gas company, as defined in section 16-1, as amended,  
971 municipal gas utility established under chapter 101 or any other gas  
972 utility owned, leased, maintained, operated, managed or controlled by  
973 any unit of local government under any general statute or any public  
974 or special act, or a gas pipeline or gas transmission company subject to  
975 the provisions of chapter 208.

976 (3) The Commissioner of Revenue Services may make public the  
977 names and addresses of each person that sells gas to be used for light,  
978 heat or power to an end user or users located in this state and has  
979 registered with the Department of Revenue Services for purposes of  
980 the tax imposed under this chapter, and that is not a gas company, as  
981 defined in section 16-1, as amended, a municipal gas utility established

982 under chapter 101 or any other gas utility owned, leased, maintained,  
983 operated, managed or controlled by any unit of local government  
984 under any general statute or any public or special act, or a gas pipeline  
985 or gas transmission company subject to the provisions of chapter 208.

986 Sec. 28. Subsection (c) of section 12-265 of the general statutes is  
987 repealed and the following is substituted in lieu thereof:

988 (c) The rate of tax on the sale, furnishing or distribution of electricity  
989 or natural gas for use directly by a company engaged in a  
990 manufacturing production process, in accordance with the Standard  
991 Industrial Classification Manual, United States Office of Management  
992 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or  
993 Sector 31, 32 or 33 in the North American Industrial Classification  
994 System United States manual, United States Office of Management and  
995 Budget, 1997 edition, shall be four per cent with respect to calendar  
996 quarters commencing on or after January 1, 1994, and prior to January  
997 1, 1995, three per cent with respect to calendar quarters commencing  
998 on or after January 1, 1995, and prior to January 1, 1996, and two per  
999 cent with respect to calendar quarters commencing on or after January  
1000 1, 1996, and prior to January 1, 1997. The sale, furnishing or  
1001 distribution of electricity or natural gas for use by a company as  
1002 provided in this subsection shall not be subject to the provisions of this  
1003 chapter with respect to calendar quarters commencing on or after  
1004 January 1, 1997. Not later than thirty days after May 19, 1993, and  
1005 thirty days after the effective date of each rate decrease provided for in  
1006 this section, each electric and gas public service company, as defined in  
1007 section 16-1, as amended, which does not have a proposed rate  
1008 amendment under section 16-19 pending before the Department of  
1009 Public Utility Control at such time, shall request the department to  
1010 reopen the proceeding under section 16-19 on the company's most  
1011 recent rate amendment, solely for the purpose of decreasing the  
1012 company's rates to reflect the decreases required under this section.  
1013 The department shall immediately reopen such proceedings, solely for  
1014 such purpose.

1015 Sec. 29. Section 12-286 of the general statutes is repealed and the  
1016 following is substituted in lieu thereof:

1017 (a) (1) The commissioner shall, after May 25, 1994, require for an  
1018 initial application for a distributor's license, in addition to such other  
1019 information deemed to be necessary, the filing of three affidavits from  
1020 three recognized manufacturers of cigarettes stating such  
1021 manufacturers' intent to supply the distributor if the applicant is  
1022 granted a license. A chain store shall be exempt from filing such  
1023 affidavits. Any pending application on May 25, 1994, and any person  
1024 purchasing the business of a licensed distributor shall be exempt from  
1025 filing such affidavits. For purposes of this subsection, "chain store"  
1026 means the operator or franchisor of five or more retail establishments  
1027 with common ownership and control.

1028 (2) The commissioner may make public a list of recognized  
1029 manufacturers of cigarettes.

1030 (b) A separate license shall be required for each class of business if  
1031 the applicant is engaged in business both as a distributor and dealer.  
1032 The commissioner shall prescribe the form of application for a  
1033 distributor's license and for a dealer's license. Each license so issued  
1034 shall be conspicuously displayed on the premises covered by the  
1035 license.

1036 (c) The commissioner shall make regulations not inconsistent with  
1037 the law for the licensing of vending machines.

1038 (d) The commissioner may, in [his] the commissioner's discretion,  
1039 refuse to issue a license if [he has] there is reasonable ground to believe  
1040 (1) that the applicant has wilfully made any false statement of  
1041 substance with respect to such application for license, (2) that the  
1042 applicant has neglected to pay any taxes due to this state or (3) that the  
1043 applicant has been convicted of violating any of the cigarette tax laws  
1044 of this or any other state or the cigarette tax laws of the United States  
1045 or has such a criminal record that the commissioner reasonably  
1046 believes that such applicant is not a suitable person to be issued a

1047 license, provided no refusal shall be rendered under this subdivision  
1048 except in accordance with the provisions of sections 46a-80 and 46a-81.  
1049 [Each license so issued shall be conspicuously displayed on the  
1050 premises covered by the license.]

1051 (e) Any person who knowingly sells, offers for sale or possesses  
1052 with intent to sell any cigarettes, without a license as provided in this  
1053 chapter, shall be fined not more than five hundred dollars or  
1054 imprisoned for not more than three months, or both, for each offense.  
1055 Each day of such unauthorized operation may be deemed a separate  
1056 offense. [The commissioner shall prescribe the form of application for a  
1057 distributor's license and for a dealer's license. For purposes of this  
1058 section, "chain store" means the operator or franchisor of five or more  
1059 retail establishments with common ownership and control.]

1060 Sec. 30. Section 12-330d of the general statutes is repealed and the  
1061 following is substituted in lieu thereof:

1062 Each licensed distributor and each licensed unclassified importer  
1063 shall file with the commissioner, on or before the [~~tenth~~] twenty-fifth  
1064 day of each month, a report for the calendar month immediately  
1065 preceding in such form and containing such information as the  
1066 commissioner may [, by regulations adopted in accordance with  
1067 chapter 54,] prescribe. The return shall be accompanied by a payment  
1068 of the amount of the tax shown to be due thereon. The commissioner  
1069 may, by regulations adopted in accordance with chapter 54, require  
1070 that each distributor and unclassified importer report the names and  
1071 addresses of [~~their~~] its customers, if any, annually, with changes in  
1072 such lists to be reported to the commissioner monthly not later than  
1073 the tenth day of each month. If any person fails to pay the amount of  
1074 tax reported due on its report within the time specified under this  
1075 section, there shall be imposed a penalty equal to ten per cent of such  
1076 amount due and unpaid, or fifty dollars, whichever is greater. Such  
1077 amount shall bear interest at the rate of one per cent per month or  
1078 fraction thereof, from the due date of such tax until the date of  
1079 payment. Subject to the provisions of section 12-3a, as amended, the

1080 commissioner may waive all or part of the penalties provided under  
1081 this chapter when it is proven to [his] the commissioner's satisfaction  
1082 that the failure to pay any tax was due to reasonable cause and was not  
1083 intentional or due to neglect.

1084 Sec. 31. Subdivision (2) of subsection (b) of section 12-436 of the  
1085 general statutes, as amended by section 15 of public act 99-121, is  
1086 repealed and the following is substituted in lieu thereof:

1087 (2) No person shall ship, transport or import alcoholic beverages  
1088 into this state unless such alcoholic beverages are delivered to a  
1089 licensed distributor or to an internal revenue or United States customs  
1090 bonded warehouse under regulations prescribed by the Commissioner  
1091 of Revenue Services, or are transported in bonded trucks to vessels in  
1092 Connecticut ports for export; provided (A) any individual may import  
1093 alcoholic beverages purchased by such individual within the territorial  
1094 limits of the United States to an amount not to exceed five gallons in  
1095 any sixty-day period for such individual's own consumption, (B) any  
1096 individual may import alcoholic beverages, whether or not purchased  
1097 by such individual, from outside the territorial limits of the United  
1098 States to an amount not to exceed five gallons in any three-hundred-  
1099 sixty-five-day period for such individual's own consumption, and (C)  
1100 any individual who has resided outside the United States for a period  
1101 of six months or more may, on one occasion and in conjunction with  
1102 the return of such individual's personal and household goods and  
1103 effects upon the termination of such foreign residency, import wine to  
1104 an amount not to exceed one hundred gallons, of which not more than  
1105 twenty gallons shall be of the same brand and spirits not to exceed ten  
1106 gallons of which not more than two gallons shall be of the same brand,  
1107 after making application in each such case to the Department of  
1108 [Consumer Protection] Revenue Services and presenting with the  
1109 application a [certificate from the Commissioner of Revenue Services  
1110 to the effect that the tax provided for in section 12-435 has been paid]  
1111 tax return prescribed by the Commissioner of Revenue Services and  
1112 reporting the taxes under this chapter and under chapter 219 for which  
1113 the applicant is liable. Payment of such taxes shall accompany such

1114 application and tax return. A copy of the importation certificate issued  
1115 by the Department of [Consumer Protection] Revenue Services shall  
1116 accompany each such shipment.

1117 Sec. 32. Section 12-456 of the general statutes is repealed and the  
1118 following is substituted in lieu thereof:

1119 (a) (1) Each distributor shall, before transacting the business of a  
1120 distributor, apply for a license issued by the Commissioner of Revenue  
1121 Services to engage in said business within this state, which license shall  
1122 remain in full force and effect until cancelled, suspended or revoked.

1123 (2) The commissioner may, in [his] the commissioner's discretion,  
1124 refuse to issue a license if [he has] there is reasonable ground to believe  
1125 [(1) that the distributor has wilfully made any false statement of  
1126 substance with respect to such application for license, [(2) that] the  
1127 distributor has neglected to pay any taxes due to this state or [(3) that]  
1128 the distributor has been convicted of violating any of the motor fuels  
1129 tax laws of this or any other state or the motor fuels tax laws of the  
1130 United States or has such a criminal record that the commissioner  
1131 reasonably believes that such distributor is not a suitable person to be  
1132 issued a license, provided no refusal shall be rendered under this  
1133 subdivision except in accordance with the provisions of sections 46a-80  
1134 and 46a-81.

1135 (3) Before the commissioner issues such license, the commissioner  
1136 shall require such distributor [shall] annually to file with, and to the  
1137 satisfaction of, the commissioner and [shall] to maintain for the  
1138 [duration of such license] year a bond [of] issued by a surety company  
1139 authorized to do business in this state or other security acceptable to  
1140 the commissioner, in [the amount of five thousand dollars or an] such  
1141 amount [determined by] as the commissioner [as an estimate of taxes  
1142 that would be paid if all fuels sold or used by such distributor were  
1143 subject to the tax imposed under section 12-458, whichever amount is  
1144 greater] may fix, to secure the payment of any sums due from such  
1145 distributor pursuant to the provisions of this chapter. Such bond or

1146 other security shall remain in full force and effect for a period of three  
1147 years and one month following the [expiration of such license] end of  
1148 such year, unless a certificate is issued by the commissioner to the  
1149 effect that all taxes due the state have been paid.

1150 (b) If such distributor is a foreign corporation or a person  
1151 nonresident of this state with no designated agent or representative in  
1152 this state upon whom service of process may be made, then, in any  
1153 litigation for the collection of any tax due from such distributor,  
1154 service of such process may be made upon the Secretary of the State  
1155 with as full force and effect as if made upon such distributor. Any such  
1156 distributor being such a foreign corporation or nonresident person  
1157 shall, in the application for a distributor's license, consent to such  
1158 service of process upon the Secretary of the State and also consent that  
1159 any such litigation may be brought to the superior court for the judicial  
1160 district of Hartford having jurisdiction of the amount claimed to be  
1161 due in such litigation. Any license to any such distributor shall be  
1162 issued subject to such service of process upon said secretary and  
1163 subject to such litigation being brought to such court.

1164 (c) The commissioner may suspend or revoke the license of any  
1165 distributor for failure to comply with any of the provisions of this  
1166 chapter or regulations related thereto, following a hearing with respect  
1167 to which notice in writing, specifying the time and place of such  
1168 hearing and requiring such distributor to show cause why such license  
1169 should not be revoked, is mailed or delivered to such distributor not  
1170 less than ten days preceding the date of such hearing. Such notice may  
1171 be served personally or by registered or certified mail.

1172 (d) The commissioner shall not issue a new license to a distributor  
1173 whose license is revoked unless the commissioner is satisfied that such  
1174 distributor will comply with the provisions of this chapter and  
1175 regulations related thereto.

1176 Sec. 33. Subdivision (8) of subsection (a) of section 12-458 of the  
1177 general statutes is repealed and the following is substituted in lieu

1178 thereof:

1179 (8) A distributor who is exclusively making sales of fuel on which  
1180 the tax imposed by this chapter is not payable may be permitted, [to  
1181 file reports, under oath or affirmation, on a form prescribed by said  
1182 commissioner,] as specified in regulations adopted in accordance with  
1183 the provisions of chapter 54, to file reports [. The regulations may  
1184 authorize reports to be submitted] less frequently than monthly but  
1185 not less frequently than annually if the commissioner determines that  
1186 enforcement of this section would not be adversely affected by less  
1187 frequent filings. [The report] Distributors permitted to file such reports  
1188 shall maintain records that shall detail (A) the persons from whom the  
1189 fuel was purchased, (B) the persons to whom, the quantities in which  
1190 and the dates on which such fuel was sold, and (C) any other  
1191 information deemed necessary by the commissioner.

1192 Sec. 34. Subsections (b) and (c) of section 12-587 of the general  
1193 statutes, as amended by section 20 of public act 99-121, are repealed  
1194 and the following is substituted in lieu thereof:

1195 (b) (1) Except as otherwise provided in subdivision (2) of this  
1196 subsection, any company which is engaged in the refining or  
1197 distribution, or both, of petroleum products and which distributes  
1198 such products in this state shall pay a quarterly tax on its gross  
1199 earnings derived from the first sale of petroleum products within this  
1200 state. Each company shall on or before the last day of the month next  
1201 succeeding each quarterly period render to the commissioner a return  
1202 on forms prescribed or furnished by the commissioner and signed by  
1203 the person performing the duties of treasurer or an authorized agent or  
1204 officer, including the amount of gross earnings derived from the first  
1205 sale of petroleum products within this state for the quarterly period  
1206 and such other facts as the commissioner may require for the purpose  
1207 of making any computation required by this chapter. Except as  
1208 otherwise provided in subdivision (3) of this subsection, the rate of tax  
1209 shall be five per cent.

1210 (2) Gross earnings derived from the first sale of the following  
1211 petroleum products within this state shall be exempt from tax: (A) Any  
1212 petroleum products sold for exportation from this state for sale or use  
1213 outside this state; (B) the product designated by the American Society  
1214 for Testing and Materials as "Specification for Heating Oil D396-69",  
1215 commonly known as number 2 heating oil, to be used exclusively for  
1216 heating purposes or to be used in a commercial fishing vessel, which  
1217 vessel qualifies for an exemption pursuant to section 12-412, as  
1218 amended; (C) kerosene, commonly known as number 1 oil, to be used  
1219 exclusively for heating purposes, provided delivery is of both number  
1220 1 and number 2 oil, and via a truck with a metered delivery ticket to a  
1221 residential dwelling or to a centrally metered system serving a group  
1222 of residential dwellings; (D) the product identified as propane gas, to  
1223 be used exclusively for heating purposes; (E) bunker fuel oil,  
1224 intermediate fuel, marine diesel oil and marine gas oil to be used in  
1225 any vessel having a displacement exceeding four thousand dead  
1226 weight tons; (F) for any first sale occurring prior to January 1, 2000,  
1227 propane gas to be used as a fuel for a motor vehicle; (G) for any first  
1228 sale occurring on or after July 1, 2002, grade number 6 fuel oil, as  
1229 defined in regulations adopted pursuant to section 16a-22c, to be used  
1230 exclusively by a company which, in accordance with census data  
1231 contained in the Standard Industrial Classification Manual, United  
1232 States Office of Management and Budget, 1987 edition, is included in  
1233 code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in  
1234 the North American Industrial Classification System United States  
1235 manual, United States Office of Management and Budget, 1997 edition;  
1236 or (H) for any first sale occurring on or after July 1, 2002, number 2  
1237 heating oil to be used exclusively in a vessel primarily engaged in  
1238 interstate commerce, which vessel qualifies for an exemption under  
1239 section 12-412, as amended.

1240 (3) The rate of tax on gross earnings derived from the first sale of  
1241 grade number 6 fuel oil, as defined in regulations adopted pursuant to  
1242 section 16a-22c, to be used exclusively by a company which, in  
1243 accordance with census data contained in the Standard Industrial

1244 Classification Manual, United States Office of Management and  
1245 Budget, 1987 edition, is included in code classifications 2000 to 3999,  
1246 inclusive, or in Sector 31, 32 or 33 in the North American Industrial  
1247 Classification System United States manual, United States Office of  
1248 Management and Budget, 1997 edition, or number 2 heating oil used  
1249 exclusively in a vessel primarily engaged in interstate commerce,  
1250 which vessel qualifies for an exemption under section 12-412 shall be:  
1251 (A) Four per cent with respect to calendar quarters commencing on or  
1252 after July 1, 1998, and prior to July 1, 1999; (B) three per cent with  
1253 respect to calendar quarters commencing on or after July 1, 1999, and  
1254 prior to July 1, 2000; (C) two per cent with respect to calendar quarters  
1255 commencing on or after July 1, 2000, and prior to July 1, 2001; and (D)  
1256 one per cent with respect to calendar quarters commencing on or after  
1257 July 1, 2001, and prior to July 1, 2002.

1258 (c) (1) Any company which imports or causes to be imported into  
1259 this state petroleum products for sale, use or consumption in this state,  
1260 other than a company subject to and having paid the tax on such  
1261 company's gross earnings from first sales of petroleum products  
1262 within this state, which earnings include gross earnings attributable to  
1263 such imported or caused to be imported petroleum products, in  
1264 accordance with subsection (b) of this section, shall pay a quarterly tax  
1265 on the consideration given or contracted to be given for such  
1266 petroleum product if the consideration given or contracted to be given  
1267 for all such deliveries during the quarterly period for which such tax is  
1268 to be paid exceeds one hundred thousand dollars. Except as otherwise  
1269 provided in subdivision (3) of this subsection, the rate of tax shall be  
1270 five per cent. Fuel in the fuel supply tanks of a motor vehicle, which  
1271 fuel tanks are directly connected to the engine, shall not be considered  
1272 a delivery for the purposes of this subsection.

1273 (2) Consideration given or contracted to be given for petroleum  
1274 products, gross earnings from the first sale of which are exempt from  
1275 tax under subdivision (2) of subsection (b) of this section, shall be  
1276 exempt from tax.

1277 (3) The rate of tax on consideration given or contracted to be given  
1278 for grade number 6 fuel oil, as defined in regulations adopted  
1279 pursuant to section 16a-22c, to be used exclusively by a company  
1280 which, in accordance with census data contained in the Standard  
1281 Industrial Classification Manual, United States Office of Management  
1282 and Budget, 1987 edition, is included in code classifications 2000 to  
1283 3999, inclusive, or in Sector 31, 32 or 33 in the North American  
1284 Industrial Classification System United States manual, United States  
1285 Office of Management and Budget, 1997 edition, or number 2 heating  
1286 oil used exclusively in a vessel primarily engaged in interstate  
1287 commerce, which vessel qualifies for an exemption under section 12-  
1288 412 shall be: (A) Four per cent with respect to calendar quarters  
1289 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three  
1290 per cent with respect to calendar quarters commencing on or after July  
1291 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to  
1292 calendar quarters commencing on or after July 1, 2000, and prior to  
1293 July 1, 2001; and (D) one per cent with respect to calendar quarters  
1294 commencing on or after July 1, 2001, and prior to July 1, 2002.

1295 Sec. 35. Section 12-632a of the general statutes is repealed and the  
1296 following is substituted in lieu thereof:

1297 If, for any fiscal year, all of the proposals submitted to the  
1298 Commissioner of Revenue Services pursuant to section 12-632, as  
1299 amended, claim tax credits in excess of the [three-million-dollar] limit  
1300 provided for in subsection (h) of said section 12-632, as amended, the  
1301 commissioner on or before November fifteenth of each year shall  
1302 prorate the [three million dollars of] tax credits, as limited by said  
1303 subsection (i), for such year among the neighborhood organizations  
1304 the programs of which business firms have proposed to contribute to  
1305 pursuant to this chapter.

1306 Sec. 36. Subsection (b) of section 12-638b of the general statutes is  
1307 repealed and the following is substituted in lieu thereof:

1308 (b) The tax imposed by subsection (a) of this section shall not apply

1309 to (1) any sale or transfer of a controlling interest in any entity which  
1310 possesses an interest in real property located in an area of any  
1311 municipality designated as an enterprise zone in accordance with  
1312 section 32-70, or (2) any sale or transfer of a controlling interest in any  
1313 entity to effectuate a mere change of identity or form of ownership or  
1314 organization where there is no change in beneficial ownership.

1315 Sec. 37. Subsection (e) of section 12-700a of the general statutes is  
1316 repealed and the following is substituted in lieu thereof:

1317 (e) A resident or part-year resident shall be allowed a credit against  
1318 the tax otherwise due under this section in the amount of any similar  
1319 tax imposed on such resident or part-year resident for the taxable year  
1320 by another state of the United States or a political subdivision thereof  
1321 or the District of Columbia [or any province of Canada] on income  
1322 which is derived from sources therein and which is also subject to tax  
1323 under this section. In the case of a resident, the credit provided under  
1324 this subsection shall not exceed the proportion of the tax otherwise due  
1325 under this section that the amount of the taxpayer's adjusted federal  
1326 tentative minimum tax derived from or connected with sources in the  
1327 other taxing jurisdiction, as the phrase is used in section 12-704, bears  
1328 to the taxpayer's adjusted federal tentative minimum tax. In the case of  
1329 a part-year resident, the credit provided under this subsection shall not  
1330 exceed the proportion of the tax otherwise due during the period of  
1331 residency that the amount of the taxpayer's adjusted federal tentative  
1332 minimum tax derived from or connected with sources in the other  
1333 taxing jurisdiction, as the phrase is used in said section 12-704, during  
1334 the period of residency bears to such taxpayer's adjusted federal  
1335 tentative minimum tax during the period of residency, nor shall the  
1336 allowance of the credit provided under this subsection reduce the tax  
1337 otherwise due under this section to an amount less than what would  
1338 have been due if the amount subject to similar taxation by such other  
1339 jurisdiction were excluded in the calculation of the adjusted federal  
1340 tentative minimum tax.

1341 Sec. 38. Subdivision (1) of subsection (a) of section 12-701 of the

1342 general statutes is repealed and the following is substituted in lieu  
1343 thereof:

1344 (1) "Resident of this state" means any natural person (A) who is  
1345 domiciled in this state, [provided if a] unless (i) the person [(i)]  
1346 maintains no permanent place of abode in this state, [(ii)] maintains a  
1347 permanent place of abode elsewhere and [(iii)] spends in the aggregate  
1348 not more than thirty days of the taxable year in this state, [such person  
1349 shall be deemed not a resident] or (ii) within any period of five  
1350 hundred forty-eight consecutive days the person is present in a foreign  
1351 country or countries for at least four hundred fifty days, and during  
1352 such period of five hundred forty-eight consecutive days the person is  
1353 not present in this state for more than ninety days and does not  
1354 maintain a permanent place of abode in this state at which such  
1355 person's spouse, unless such spouse is legally separated, or minor  
1356 children are present for more than ninety days, and during the  
1357 nonresident portion of the taxable year with or within which such  
1358 period of five hundred forty-eight consecutive days begins and the  
1359 nonresident portion of the taxable year with or within which such  
1360 period ends, such person is present in this state for a number of days  
1361 which does not exceed an amount which bears the same ratio to ninety  
1362 as the number of days contained in such portion of the taxable year  
1363 bears to five hundred forty-eight, or (B) who is not domiciled in this  
1364 state but maintains a permanent place of abode in this state and is in  
1365 this state for an aggregate of more than one hundred eighty-three days  
1366 of the taxable year, unless such person, not being domiciled in this  
1367 state, is in active service in the armed forces of the United States.

1368 Sec. 39. Subdivision (20) of subsection (a) of section 12-701 of the  
1369 general statutes, as amended by section 1 of public act 99-173, is  
1370 repealed and the following is substituted in lieu thereof:

1371 (20) "Connecticut adjusted gross income" means adjusted gross  
1372 income, with the following modifications: (A) There shall be added  
1373 thereto (i) to the extent not properly includable in gross income for  
1374 federal income tax purposes, any interest income from obligations

1375 issued by or on behalf of any state, political subdivision thereof, or  
1376 public instrumentality, state or local authority, district or similar public  
1377 entity, exclusive of such income from obligations issued by or on  
1378 behalf of the state of Connecticut, any political subdivision thereof, or  
1379 public instrumentality, state or local authority, district or similar public  
1380 entity created under the laws of the state of Connecticut and exclusive  
1381 of any such income with respect to which taxation by any state is  
1382 prohibited by federal law, (ii) any exempt-interest dividends, as  
1383 defined in Section 852(b)(5) of the Internal Revenue Code, exclusive of  
1384 such exempt-interest dividends derived from obligations issued by or  
1385 on behalf of the state of Connecticut, any political subdivision thereof,  
1386 or public instrumentality, state or local authority, district or similar  
1387 public entity created under the laws of the state of Connecticut and  
1388 exclusive of such exempt-interest dividends derived from obligations,  
1389 the income with respect to which taxation by any state is prohibited by  
1390 federal law, (iii) any interest or dividend income on obligations or  
1391 securities of any authority, commission or instrumentality of the  
1392 United States which federal law exempts from federal income tax but  
1393 does not exempt from state income taxes, (iv) to the extent included in  
1394 gross income for federal income tax purposes for the taxable year, the  
1395 total taxable amount of a lump sum distribution for the taxable year  
1396 deductible from such gross income in calculating federal adjusted  
1397 gross income, (v) to the extent properly includable in determining the  
1398 net gain or loss from the sale or other disposition of capital assets for  
1399 federal income tax purposes, any loss from the sale or exchange of  
1400 obligations issued by or on behalf of the state of Connecticut, any  
1401 political subdivision thereof, or public instrumentality, state or local  
1402 authority, district or similar public entity created under the laws of the  
1403 state of Connecticut, in the income year such loss was recognized, (vi)  
1404 to the extent deductible in determining federal adjusted gross income,  
1405 any income taxes imposed by this state, (vii) to the extent deductible in  
1406 determining federal adjusted gross income, any interest on  
1407 indebtedness incurred or continued to purchase or carry obligations or  
1408 securities the interest on which is exempt from tax under this chapter  
1409 and (viii) expenses paid or incurred during the taxable year for the

1410 production or collection of income which is exempt from taxation  
1411 under this chapter or the management, conservation or maintenance of  
1412 property held for the production of such income, and the amortizable  
1413 bond premium for the taxable year on any bond the interest on which  
1414 is exempt from tax under this chapter to the extent that such expenses  
1415 and premiums are deductible in determining federal adjusted gross  
1416 income. (B) There shall be subtracted therefrom (i) to the extent  
1417 properly includable in gross income for federal income tax purposes,  
1418 any income with respect to which taxation by any state is prohibited  
1419 by federal law, (ii) to the extent allowable under section 12-718, exempt  
1420 dividends paid by a regulated investment company, (iii) the amount of  
1421 any refund or credit for overpayment of income taxes imposed by this  
1422 state, or any other state of the United States or a political subdivision  
1423 thereof, or the District of Columbia, [or any province of Canada,] to the  
1424 extent properly includable in gross income for federal income tax  
1425 purposes, (iv) to the extent properly includable in gross income for  
1426 federal income tax purposes, any tier 1 railroad retirement benefits, (v)  
1427 with respect to any natural person who is a shareholder of an S  
1428 corporation which is carrying on, or which has the right to carry on,  
1429 business in this state, as said term is used in section 12-214, the amount  
1430 of such shareholder's pro rata share of such corporation's  
1431 nonseparately computed items, as defined in Section 1366 of the  
1432 Internal Revenue Code, that is subject to tax under chapter 208, in  
1433 accordance with subsection (c) of section 12-217, as amended,  
1434 multiplied by such corporation's apportionment fraction, if any, as  
1435 determined in accordance with section 12-218, as amended, (vi) to the  
1436 extent properly includable in gross income for federal income tax  
1437 purposes, any interest income from obligations issued by or on behalf  
1438 of the state of Connecticut, any political subdivision thereof, or public  
1439 instrumentality, state or local authority, district or similar public entity  
1440 created under the laws of the state of Connecticut, (vii) to the extent  
1441 properly includable in determining the net gain or loss from the sale or  
1442 other disposition of capital assets for federal income tax purposes, any  
1443 gain from the sale or exchange of obligations issued by or on behalf of  
1444 the state of Connecticut, any political subdivision thereof, or public

1445 instrumentality, state or local authority, district or similar public entity  
1446 created under the laws of the state of Connecticut, in the income year  
1447 such gain was recognized, (viii) any interest on indebtedness incurred  
1448 or continued to purchase or carry obligations or securities the interest  
1449 on which is subject to tax under this chapter but exempt from federal  
1450 income tax, to the extent that such interest on indebtedness is not  
1451 deductible in determining federal adjusted gross income and is  
1452 attributable to a trade or business carried on by such individual, (ix)  
1453 ordinary and necessary expenses paid or incurred during the taxable  
1454 year for the production or collection of income which is subject to  
1455 taxation under this chapter but exempt from federal income tax, or the  
1456 management, conservation or maintenance of property held for the  
1457 production of such income, and the amortizable bond premium for the  
1458 taxable year on any bond the interest on which is subject to tax under  
1459 this chapter but exempt from federal income tax, to the extent that  
1460 such expenses and premiums are not deductible in determining federal  
1461 adjusted gross income and are attributable to a trade or business  
1462 carried on by such individual, (x) (I) for a person who files a return  
1463 under the federal income tax as an unmarried individual whose  
1464 federal adjusted gross income for such taxable year is less than fifty  
1465 thousand dollars, or as a married individual filing separately whose  
1466 federal adjusted gross income for such taxable year is less than fifty  
1467 thousand dollars, [and] or for a husband and wife who file a return  
1468 under the federal income tax as married individuals filing jointly  
1469 whose federal adjusted gross income for such taxable year is less than  
1470 sixty thousand dollars or a person who files a return under the federal  
1471 income tax as a head of household whose federal adjusted gross  
1472 income for such taxable year is less than sixty thousand dollars, an  
1473 amount equal to the Social Security benefits includable for federal  
1474 income tax purposes; and (II) for a person who files a return under the  
1475 federal income tax as an unmarried individual whose federal adjusted  
1476 gross income for such taxable year is fifty thousand dollars or more, or  
1477 as a married individual filing separately whose federal adjusted gross  
1478 income for such taxable year is fifty thousand dollars or more, [and] or  
1479 for a husband and wife who file a return under the federal income tax

1480 as married individuals filing jointly whose federal adjusted gross  
1481 income from such taxable year is sixty thousand dollars or more or for  
1482 a person who files a return under the federal income tax as a head of  
1483 household whose federal adjusted gross income for such taxable year  
1484 is sixty thousand dollars or more, an amount equal to the difference  
1485 between the amount of Social Security benefits includable for federal  
1486 income tax purposes [under the provisions of Section 13215 of the  
1487 Omnibus Budget Reconciliation Act of 1993 and fifty per cent of the  
1488 amount of such Social Security benefits includable for federal income  
1489 tax purposes under the provisions of the Internal Revenue Code of  
1490 1986, or any subsequent corresponding internal revenue code of the  
1491 United States, as from time to time amended, prior to August 10, 1993]  
1492 and the lesser of twenty-five per cent of the Social Security benefits  
1493 received during the taxable year, or twenty-five per cent of the excess  
1494 described in Section 86(b)(1) of the Internal Revenue Code, (xi) to the  
1495 extent properly includable in gross income for federal income tax  
1496 purposes, any amount rebated to a taxpayer pursuant to section  
1497 12-746, and (xii) to the extent properly includable in the gross income  
1498 for federal income tax purposes of a designated beneficiary, any  
1499 distribution to such beneficiary from any qualified state tuition  
1500 program, as defined in Section 529(b) of the Internal Revenue Code,  
1501 established and maintained by this state or any official, agency or  
1502 instrumentality of the state. With respect to a person who is the  
1503 beneficiary of a trust or estate, there shall be added or subtracted, as  
1504 the case may be, from adjusted gross income such person's share, as  
1505 determined under section 12-714, in the Connecticut fiduciary  
1506 adjustment.

1507 Sec. 40. Subsection (a) of section 12-702 of the general statutes, as  
1508 amended by section 5 of public act 99-173, is repealed and the  
1509 following is substituted in lieu thereof:

1510 (a) (1) (A) Any person, other than a trust or estate, subject to the tax  
1511 under this chapter for any taxable year who files under the federal  
1512 income tax for such taxable year as a married individual filing  
1513 separately or, for taxable years commencing prior to January 1, 2000,

1514 who files income tax for such taxable year as an unmarried individual  
1515 shall be entitled to a personal exemption of twelve thousand dollars in  
1516 determining Connecticut taxable income for purposes of this chapter.

1517 (B) In the case of any such taxpayer whose Connecticut adjusted  
1518 gross income for the taxable year exceeds twenty-four thousand  
1519 dollars, the exemption amount shall be reduced by one thousand  
1520 dollars for each one thousand dollars, or fraction thereof, by which the  
1521 taxpayer's Connecticut adjusted gross income for the taxable year  
1522 exceeds the said amount. In no event shall the reduction exceed one  
1523 hundred per cent of the exemption.

1524 (2) For taxable years commencing on or after January 1, 2000, any  
1525 person, other than a trust or estate, subject to the tax under this chapter  
1526 for any taxable year who files under the federal income tax for such  
1527 taxable year as an unmarried individual shall be entitled to a personal  
1528 exemption in determining Connecticut taxable income for purposes of  
1529 this chapter as follows:

1530 (A) For taxable years commencing on or after January 1, 2000, but  
1531 prior to January 1, 2001, twelve thousand two hundred fifty dollars. In  
1532 the case of any such taxpayer whose Connecticut adjusted gross  
1533 income for the taxable year exceeds [twenty-five] twenty-four  
1534 thousand five hundred dollars, the exemption amount shall be  
1535 reduced by one thousand dollars for each one thousand dollars, or  
1536 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
1537 income for the taxable year exceeds the said amount. In no event shall  
1538 the reduction exceed one hundred per cent of the exemption;

1539 (B) For taxable years commencing on or after January 1, 2001, but  
1540 prior to January 1, 2002, twelve thousand five hundred dollars. In the  
1541 case of any such taxpayer whose Connecticut adjusted gross income  
1542 for the taxable year exceeds [twenty-six] twenty-five thousand dollars,  
1543 the exemption amount shall be reduced by one thousand dollars for  
1544 each one thousand dollars, or fraction thereof, by which the taxpayer's  
1545 Connecticut adjusted gross income for the taxable year exceeds the

1546 said amount. In no event shall the reduction exceed one hundred per  
1547 cent of the exemption;

1548 (C) For taxable years commencing on or after January 1, 2002, but  
1549 prior to January 1, 2003, twelve thousand seven hundred fifty dollars.  
1550 In the case of any such taxpayer whose Connecticut adjusted gross  
1551 income for the taxable year exceeds [~~twenty-seven~~] twenty-five  
1552 thousand five hundred dollars, the exemption amount shall be  
1553 reduced by one thousand dollars for each one thousand dollars, or  
1554 fraction thereof, by which the taxpayer's Connecticut adjusted gross  
1555 income for the taxable year exceeds the said amount. In no event shall  
1556 the reduction exceed one hundred per cent of the exemption;

1557 (D) For taxable years commencing on or after January 1, 2003, but  
1558 prior to January 1, 2004, thirteen thousand dollars. In the case of any  
1559 such taxpayer whose Connecticut adjusted gross income for the  
1560 taxable year exceeds [~~twenty-eight~~] twenty-six thousand dollars, the  
1561 exemption amount shall be reduced by one thousand dollars for each  
1562 one thousand dollars, or fraction thereof, by which the taxpayer's  
1563 Connecticut adjusted gross income for the taxable year exceeds the  
1564 said amount. In no event shall the reduction exceed one hundred per  
1565 cent of the exemption;

1566 (E) For taxable years commencing on or after January 1, 2004, but  
1567 prior to January 1, 2005, thirteen thousand five hundred dollars. In the  
1568 case of any such taxpayer whose Connecticut adjusted gross income  
1569 for the taxable year exceeds [~~twenty-nine~~] twenty-seven thousand  
1570 dollars, the exemption amount shall be reduced by one thousand  
1571 dollars for each one thousand dollars, or fraction thereof, by which the  
1572 taxpayer's Connecticut adjusted gross income for the taxable year  
1573 exceeds the said amount. In no event shall the reduction exceed one  
1574 hundred per cent of the exemption;

1575 (F) For taxable years commencing on or after January 1, 2005, but  
1576 prior to January 1, 2006, fourteen thousand dollars. In the case of any  
1577 such taxpayer whose Connecticut adjusted gross income for the

1578 taxable year exceeds [thirty] twenty-eight thousand dollars, the  
1579 exemption amount shall be reduced by one thousand dollars for each  
1580 one thousand dollars, or fraction thereof, by which the taxpayer's  
1581 Connecticut adjusted gross income for the taxable year exceeds the  
1582 said amount. In no event shall the reduction exceed one hundred per  
1583 cent of the exemption;

1584 (G) For taxable years commencing on or after January 1, 2006, but  
1585 prior to January 1, 2007, fourteen thousand five hundred dollars. In the  
1586 case of any such taxpayer whose Connecticut adjusted gross income  
1587 for the taxable year exceeds twenty-nine thousand dollars, the  
1588 exemption amount shall be reduced by one thousand dollars for each  
1589 one thousand dollars, or fraction thereof, by which the taxpayer's  
1590 Connecticut adjusted gross income for the taxable year exceeds the  
1591 said amount. In no event shall the reduction exceed one hundred per  
1592 cent of the exemption;

1593 (H) For taxable years commencing on or after January 1, 2007,  
1594 fifteen thousand dollars. In the case of any such taxpayer whose  
1595 Connecticut adjusted gross income for the taxable year exceeds thirty  
1596 thousand dollars, the exemption amount shall be reduced by one  
1597 thousand dollars for each one thousand dollars, or fraction thereof, by  
1598 which the taxpayer's Connecticut adjusted gross income for the taxable  
1599 year exceeds the said amount. In no event shall the reduction exceed  
1600 one hundred per cent of the exemption.

1601 Sec. 41. Section 12-723 of the general statutes, as amended by section  
1602 22 of public act 99-121, is repealed and the following is substituted in  
1603 lieu thereof:

1604 The commissioner may for reasonable cause extend the time for the  
1605 filing of any return, statement or other document due or required  
1606 under this chapter and the payment of tax due pursuant to this chapter  
1607 in accordance with regulations adopted in accordance with chapter 54.  
1608 Said commissioner may require the filing of a tentative return and the  
1609 payment of the tax reported to be due thereon in connection with such

1610 extension. Any additional tax which may be found to be due on the  
1611 filing of a return, statement or other document as allowed by such  
1612 extension shall bear interest at the rate of one per cent per month or  
1613 fraction thereof from the original due date of such tax to the date of  
1614 actual payment. Notwithstanding the provisions of section 12-735, as  
1615 amended by this act, no penalty shall be imposed on account of any  
1616 failure to pay the amount of tax reported to be due on a return,  
1617 statement or other document within the time specified under the  
1618 provisions of this chapter if the excess of the amount of tax shown on  
1619 the return, statement or other document over the amount of tax paid  
1620 on or before the original due date of such return, statement or other  
1621 document is no greater than ten per cent of the amount of tax shown  
1622 on such return, statement or other document, and any balance due  
1623 shown on such return, statement or other document is remitted with  
1624 such return, statement or other document on or before the extended  
1625 due date of such return, statement or other document.

1626 Sec. 42. Subdivision (1) of subsection (b) of section 12-727 of the  
1627 general statutes is repealed and the following is substituted in lieu  
1628 thereof:

1629 (b) (1) If the amount of a taxpayer's federal adjusted gross income,  
1630 in the case of an individual, or federal taxable income, in the case of a  
1631 trust or estate, reported on such taxpayer's federal income tax return  
1632 for any taxable year is changed or corrected by the United States  
1633 Internal Revenue Service or other competent authority, or as the result  
1634 of a renegotiation of a contract or subcontract with the United States,  
1635 the taxpayer shall provide notice of such change or correction in  
1636 federal adjusted gross income or federal taxable income, as the case  
1637 may be, to the commissioner by filing, on or before the date that is  
1638 ninety days after the final determination of such change, correction or  
1639 renegotiation, or as otherwise required by the commissioner, an  
1640 amended return under this chapter and shall concede the accuracy of  
1641 such determination or state wherein it is erroneous. The provisions of  
1642 the preceding sentence shall also apply if an individual's computation  
1643 of tax under Section 1341(a)(4) or (5) of the Internal Revenue Code is

1644 changed or corrected by the United States Internal Revenue Service or  
1645 other competent authority. The commissioner may redetermine and  
1646 the taxpayer shall be required to pay the tax for any taxable year  
1647 affected, regardless of any otherwise applicable statute of limitations.

1648 Sec. 43. Subdivision (1) of subsection (a) of section 12-732 of the  
1649 general statutes is repealed and the following is substituted in lieu  
1650 thereof:

1651 (a) (1) If any tax has been overpaid, the taxpayer may file a claim for  
1652 refund in writing with the commissioner within three years from the  
1653 due date for which such overpayment was made, stating the specific  
1654 grounds upon which the claim is founded, provided if the  
1655 commissioner has extended the time for the filing of an income tax  
1656 return by the taxpayer, the taxpayer may file a claim for refund within  
1657 three years after the date on which the income tax return is filed by the  
1658 taxpayer or within three years after the extended due date of the  
1659 income tax return, whichever is earlier. Not later than ninety days  
1660 following receipt of such claim for refund the commissioner shall  
1661 determine whether such claim is valid and, if so, said commissioner  
1662 shall notify the State Comptroller of the amount of such refund and the  
1663 State Comptroller shall draw an order on the State Treasurer in the  
1664 amount thereof for payment to the taxpayer. For purposes of this  
1665 section, [an income tax return] a claim for refund that is filed before the  
1666 last day prescribed by law or by a regulation adopted pursuant to law  
1667 for the filing [thereof] of an income tax return, determined without  
1668 regard to any extension of time for filing, shall be deemed to be filed  
1669 on such last day. To the amount of such refund, there shall be added  
1670 interest at the rate of two-thirds of one per cent for each month or  
1671 fraction thereof which elapses between (A) the ninetieth day following  
1672 receipt by the commissioner of such claim for refund on a permitted  
1673 form, containing the taxpayer's name, address and Social Security  
1674 number or federal employer identification number, the required  
1675 signature, and sufficient required information, whether on the return  
1676 or on required attachments, to permit the mathematical verification of  
1677 tax liability shown on the return, and (B) the date of notice by the

1678 commissioner that such refund is due. Failure to file a claim within the  
1679 time prescribed in this section constitutes a waiver of any demand  
1680 against the state on account of overpayment. If the commissioner  
1681 determines that such claim is not valid, either in whole or in part, [he]  
1682 said commissioner shall mail notice of the disallowance in whole or in  
1683 part of the claim to the claimant and such notice shall set forth briefly  
1684 the commissioner's findings of fact and the basis of disallowance in  
1685 each case decided in whole or in part adversely to the claimant. Sixty  
1686 days after the date on which it is mailed, a notice of proposed  
1687 disallowance shall constitute a final disallowance except only for such  
1688 amounts as to which the claimant has filed, as provided in subdivision  
1689 (2) of this subsection, a written protest with the commissioner.

1690 Sec. 44. Section 12-733 of the general statutes, as amended by section  
1691 25 of public act 99-121, is repealed and the following is substituted in  
1692 lieu thereof:

1693 (a) Except as otherwise provided in this chapter, a notice of  
1694 proposed deficiency assessment shall be mailed to the taxpayer within  
1695 three years after the return is filed. No deficiency shall be assessed or  
1696 collected with respect to the year for which the return is filed unless  
1697 the notice is mailed within the three-year period or the period  
1698 otherwise fixed. Where, within the sixty-day period ending on the day  
1699 on which the time prescribed by this chapter for mailing a notice of  
1700 proposed deficiency assessment for any taxable year would otherwise  
1701 expire, the commissioner receives a written document signed by a  
1702 taxpayer showing that the taxpayer owes an additional amount of tax  
1703 for such taxable year, the period during which a notice of proposed  
1704 deficiency assessment may be mailed shall not expire before the day  
1705 sixty days after the day on which the commissioner receives such  
1706 document.

1707 (b) (1) If the taxpayer omits from Connecticut adjusted gross  
1708 income, in the case of an individual, or from Connecticut taxable  
1709 income, in the case of a trust or estate, an amount properly includable  
1710 therein which is in excess of twenty-five per cent of the amount of

1711 Connecticut adjusted gross income or Connecticut taxable income, as  
1712 the case may be, stated in the return, a notice of a proposed deficiency  
1713 assessment may be mailed to the taxpayer within six years after the  
1714 return is filed. For purposes of this subsection, there shall not be taken  
1715 into account any amount which is omitted in the return if such amount  
1716 is disclosed in the return, or in a statement attached to the return, in a  
1717 manner adequate to apprise the Commissioner of Revenue Services of  
1718 the nature and the amount of such item.

1719 (2) If the taxpayer omits from the Connecticut adjusted gross income  
1720 derived from or connected with sources within this state, in the case of  
1721 a nonresident individual or part-year resident individual, or from  
1722 Connecticut taxable income derived from or connected with sources  
1723 within this state, in the case of a nonresident trust or estate of part-year  
1724 resident trust, an amount properly includable therein which is in  
1725 excess of twenty-five per cent of the amount of Connecticut adjusted  
1726 gross income derived from or connected with sources within this state  
1727 or Connecticut taxable income derived from or connected with sources  
1728 within this state, as the case may be, stated in the return, a notice of a  
1729 proposed deficiency assessment may be mailed to the taxpayer within  
1730 six years after the return is filed. For purposes of this subsection, there  
1731 shall not be taken into account any amount which is omitted in the  
1732 return if such amount is disclosed in the return, or in a statement  
1733 attached to the return, in a manner adequate to apprise the  
1734 Commissioner of Revenue Services of the nature and the amount of  
1735 such item.

1736 (c) If no return is filed or if a taxpayer makes, wilfully or otherwise,  
1737 a false [and] or fraudulent return, [is filed with intent to evade the tax,]  
1738 a notice of deficiency may be mailed to the taxpayer at any time.

1739 (d) (1) If a taxpayer fails to comply with the requirements of section  
1740 12-727, as amended by this act, by not reporting a change or correction  
1741 by the United States Internal Revenue Service or other competent  
1742 authority increasing, in the case of an individual, the individual's  
1743 federal adjusted gross income or, in the case of a trust or estate, its

1744 federal taxable income, or by not reporting a change or correction  
1745 which is treated in the same manner as if it were a deficiency for  
1746 federal income tax purposes, or by not filing an amended return, a  
1747 notice of a proposed deficiency assessment may be mailed to the  
1748 taxpayer at any time. The provisions of the preceding sentence shall  
1749 also apply if an individual's computation of tax under Section  
1750 1341(a)(4) or (5) of the Internal Revenue Code is changed or corrected  
1751 by the United States Internal Revenue Service or other competent  
1752 authority, and the individual fails to comply with the requirements of  
1753 section 12-727, as amended by this act.

1754 (2) If a taxpayer fails to comply with the requirements of subsection  
1755 (b) of section 12-704 by not reporting a change or correction by tax  
1756 officers or other competent authority of another jurisdiction affecting  
1757 the amount of tax of such other jurisdiction that the taxpayer is finally  
1758 required to pay, or by not filing an amended return, a notice of a  
1759 proposed deficiency assessment may be mailed to the taxpayer at any  
1760 time.

1761 (e) (1) If the taxpayer, pursuant to section 12-727, as amended by  
1762 this act, reports a change or correction by the United States Internal  
1763 Revenue Service or other competent authority increasing, in the case of  
1764 an individual, the individual's federal adjusted gross income or, in the  
1765 case of a trust or estate, its federal taxable income or reports a change  
1766 or correction which is treated in the same manner as if it were a  
1767 deficiency for federal income tax purposes, or files an amended return,  
1768 the assessment, if not deemed to have been made upon the filing of the  
1769 report or amended return, may be made at any time not later than  
1770 three years after such report or amended return is filed. The provisions  
1771 of the preceding sentence shall also apply if an individual's  
1772 computation of tax under Section 1341(a)(4) or (5) of the Internal  
1773 Revenue Code is changed or corrected by the United States Internal  
1774 Revenue Service or other competent authority, and the individual,  
1775 pursuant to section 12-727, as amended by this act, reports the change  
1776 or correction.

1777 (2) If the taxpayer, pursuant to subsection (b) of section 12-704,  
1778 reports a change or correction by tax officers or other competent  
1779 authority of another jurisdiction affecting the amount of tax of such  
1780 other jurisdiction that the taxpayer is finally required to pay, or files an  
1781 amended return, the assessment, if not deemed to have been made  
1782 upon the filing of the report or amended return, may be made not later  
1783 than three years after such report or amended return is filed.

1784 (f) Where, before the expiration of the time prescribed in this section  
1785 for the assessment of a deficiency, both the commissioner and the  
1786 taxpayer shall have consented in writing to its assessment after such  
1787 time, the deficiency may be assessed at any time prior to the expiration  
1788 of the period agreed upon. The period so agreed upon may be  
1789 extended by a subsequent agreement in writing made before the  
1790 expiration of the period previously agreed upon and the commissioner  
1791 may, in such a case, waive the statute of limitations against a claim for  
1792 refund by such taxpayer.

1793 (g) For purposes of this section an income tax return filed before the  
1794 last day prescribed by law or by any regulation adopted pursuant to  
1795 law for the filing thereof, determined without regard to any extension  
1796 of time for filing, shall be deemed to be filed on such last day. If a  
1797 return of withholding tax for any period ending with or within a  
1798 calendar year is filed before April fifteenth of the succeeding calendar  
1799 year, such return shall be deemed to be filed on April fifteenth of such  
1800 succeeding calendar year.

1801 Sec. 45. Subsection (b) of section 12-735 of the general statutes is  
1802 repealed and the following is substituted in lieu thereof:

1803 (b) If any person has not made [his] a return within three months  
1804 after the time specified under the provisions of this chapter, the  
1805 commissioner may make such return at any time thereafter, according  
1806 to the best information obtainable and according to the form  
1807 prescribed. The making of a return by the commissioner pursuant to  
1808 the authority conferred under this section shall not constitute the filing

1809 of a return by such person for purposes of subsection (c) of section 12-  
1810 733, as amended by this act, or subsection (a) of section 12-737. To the  
1811 tax imposed upon the basis of such return, there shall be added an  
1812 amount equal to ten per cent of such tax or fifty dollars, whichever is  
1813 greater. The tax shall bear interest at the rate of one per cent per month  
1814 or fraction thereof, from the due date of such tax until the date of  
1815 payment. No taxpayer shall be subject to a penalty under both  
1816 subsections (a) and (b) of this section in relation to the same tax period.

1817 Sec. 46. (NEW) (a) (1) If an item of income was included in the  
1818 Connecticut adjusted gross income of an individual for a preceding  
1819 taxable year or years because it appeared that the individual had an  
1820 unrestricted right to such item, and, based on the repayment of such  
1821 item by such individual during the taxable year, such individual  
1822 properly determines his or her federal income tax liability for the  
1823 taxable year under Section 1341(a)(4) or (5) of the Internal Revenue  
1824 Code, then the tax imposed by chapter 229 of the general statutes for  
1825 the taxable year on such individual shall be an amount equal to (A) the  
1826 tax for the taxable year computed without regard to this section, minus  
1827 (B) the decrease in tax under said chapter 229 for the preceding taxable  
1828 year or years which would result solely from the exclusion of such  
1829 item or portion thereof from the Connecticut adjusted gross income of  
1830 such individual for such preceding taxable year or years. This section  
1831 shall not apply if such repayment is properly deductible in  
1832 determining the individual's federal adjusted gross income for the  
1833 taxable year, and such individual properly determines his or her  
1834 federal income tax liability for the taxable year under Section 1341(a)(4)  
1835 of the Internal Revenue Code by deducting such repayment.

1836 (2) In determining the decrease in tax under said chapter 229 for the  
1837 preceding taxable year or years which would result solely from the  
1838 exclusion of such item or portion thereof from the Connecticut  
1839 adjusted gross income of such individual for such preceding taxable  
1840 year or years, any item excluded from the Connecticut adjusted gross  
1841 income of an individual for a preceding year or years in which such  
1842 individual was a nonresident individual or part-year resident

1843 individual, shall, to the extent that such item is derived from or  
1844 connected with sources within this state, be excluded from Connecticut  
1845 adjusted gross income derived from or connected with sources within  
1846 this state for such preceding year or years.

1847 (3) If the decrease in tax under said chapter 229 for the preceding  
1848 taxable year or years which would result solely from the exclusion of  
1849 such item or portion thereof from the Connecticut adjusted gross  
1850 income of such individual for such preceding taxable year or years  
1851 exceeds the tax for the taxable year computed without regard to this  
1852 section, such excess shall be considered to be a payment of tax on the  
1853 last day prescribed under said chapter 229 for the payment of tax for  
1854 the taxable year, and, subject to the provisions of sections 12-35f, 12-  
1855 739 and 12-742 of the general statutes, shall be refunded or credited in  
1856 the same manner as if it were an overpayment for such taxable year.

1857 (b) If an individual properly determines his or her liability for the  
1858 tax imposed by chapter 229 of the general statutes for the taxable year  
1859 under subsection (a) of this section, and properly determines his or her  
1860 federal income tax liability for the taxable year under Section 1341(a)(4)  
1861 of the Internal Revenue Code, then, in any case where the deduction  
1862 under Section 1341(a)(4) of the Internal Revenue Code results in a net  
1863 operating loss for federal income tax purposes, no claim for refund  
1864 shall be allowable by the commissioner for an overpayment of the tax  
1865 imposed by said chapter 229 for a preceding taxable year or years to  
1866 the extent attributable to such loss being carried back to such year or  
1867 years.

1868 Sec. 47. Subdivision (2) of subsection (b) of section 16-50v of the  
1869 general statutes is repealed and the following is substituted in lieu  
1870 thereof:

1871 (2) As used in this subdivision, "communications services" means  
1872 services involving transmitting or receiving signals in the  
1873 electromagnetic spectrum for a public or commercial purpose  
1874 pursuant to a Federal Communications Commission license. Before

1875 December thirty-first of each year, the council shall review the  
1876 anticipated amount of administrative expenses attributable to facilities  
1877 used for providing communications services for the next fiscal year,  
1878 excluding expenses under subsection (c), (d), (e), (g) or (h) of this  
1879 section, at a public meeting, notice of which shall be given to each  
1880 person subject to assessment under this subsection, and at which  
1881 interested persons shall be heard. After the meeting, the council shall  
1882 determine the anticipated amount of such expenses and submit its  
1883 determination to the joint standing committee of the General Assembly  
1884 having cognizance of matters relating to appropriations and the  
1885 budgets of state agencies. [Upon notification of the council, the  
1886 Commissioner of Revenue Services] The council shall apportion and  
1887 assess the anticipated amount of expenses equitably in proportion to  
1888 the frequency of appearance, the degree of regulation required and the  
1889 percentage of the council's workload, among those persons which  
1890 provide communications services and have come before the council in  
1891 the preceding calendar year. Each such person shall pay the  
1892 assessment and submit a return, on a form prescribed by the  
1893 [commissioner] council, to the [Commissioner of Revenue Services]  
1894 council in four equal instalments, on or before July 1, 1994, and July  
1895 thirty-first of each year thereafter, October 31, 1994, and October thirty-  
1896 first of each year thereafter, January 31, 1995, and January thirty-first of  
1897 each year thereafter, and April 30, 1995, and April thirtieth of each year  
1898 thereafter. The [commissioner] council shall transfer all payments  
1899 received pursuant to this section to the Treasurer who shall credit such  
1900 payments to the Siting Council Fund. Such payments shall be  
1901 considered administrative expenses recovered from communications  
1902 services providers.

1903 Sec. 48. Subsection (d) of section 32-9p of the general statutes, as  
1904 amended by section 16 of public act 99-1 of the June special session, is  
1905 repealed and the following is substituted in lieu thereof:

1906 (d) "Manufacturing facility" means any plant, building, other real  
1907 property improvement, or part thereof, (1) which (A) is constructed or  
1908 substantially renovated or expanded on or after July 1, 1978, in a

1909 distressed municipality, a targeted investment community as defined  
1910 in section 32-222, as amended, or an enterprise zone designated  
1911 pursuant to section 32-70 or (B) is acquired on or after July 1, 1978, in a  
1912 distressed municipality, a targeted investment community as defined  
1913 in section 32-222, as amended, or an enterprise zone designated  
1914 pursuant to said section 32-70, by a business organization which is  
1915 unrelated to and unaffiliated with the seller, after having been idle for  
1916 at least one year prior to its acquisition and regardless of its previous  
1917 use; (2) which is to be used for the manufacturing, processing or  
1918 assembling of raw materials, parts or manufactured products, for  
1919 research and development facilities directly related to manufacturing,  
1920 for the significant servicing, overhauling or rebuilding of machinery  
1921 and equipment for industrial use, or, except as provided in this  
1922 subsection, for warehousing and distribution or, (A) if located in an  
1923 enterprise zone designated pursuant to said section 32-70, which is to  
1924 be used by an establishment, an auxiliary or an operating unit of an  
1925 establishment as such terms are defined in the Standard Industrial  
1926 Classification Manual, in the categories of depository institutions,  
1927 nondepository credit institutions, insurance carriers, holding or other  
1928 investment offices, business services, health services, fishing, hunting  
1929 and trapping, motor freight transportation and warehousing, water  
1930 transportation, transportation by air, transportation services, security  
1931 and commodity brokers, dealers, exchanges and services,  
1932 telemarketing or engineering, accounting, research, management and  
1933 related services including, but not limited to, management consulting  
1934 services from the Standard Industrial Classification Manual, which  
1935 establishment, auxiliary or operating unit shows a strong performance  
1936 in exporting goods and services, as further defined by the  
1937 commissioner through regulations adopted under chapter 54, or in  
1938 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group  
1939 5621 in the North American Industrial Classification System, United  
1940 States manual, United States Office of Management and Budget, 1997  
1941 edition, or (B) if located in an enterprise zone designated pursuant to  
1942 said section 32-70, which is to be used by an establishment primarily  
1943 engaged in supplying goods or services in the fields of computer

1944 hardware or software, computer networking, telecommunications or  
1945 communications, or (C) if located in a municipality with an  
1946 entertainment district designated under section 32-76 or established  
1947 under section 2 of public act 93-311\*, is to be used in the production of  
1948 entertainment products, including multimedia products, or as part of  
1949 the airing, display or provision of live entertainment for stage or  
1950 broadcast, including support services such as set manufacturers,  
1951 scenery makers, sound and video equipment providers and  
1952 manufacturers, stage and screen writers, providers of capital for the  
1953 entertainment industry and agents for talent, writers, producers and  
1954 music properties and technological infrastructure support including,  
1955 but not limited to, fiber optics, necessary to support multimedia and  
1956 other entertainment formats, except entertainment provided by or  
1957 shown at a gambling or gaming facility or a facility whose primary  
1958 business is the sale or serving of alcoholic beverages; and (3) for which  
1959 the department has issued an eligibility certificate in accordance with  
1960 section 32-9r. In the case of facilities which are acquired, the  
1961 department may waive the requirement of one year of idleness if it  
1962 determines that, absent qualification as a manufacturing facility under  
1963 subdivisions (59) and (60) of section 12-81, and sections 12-217e, as  
1964 amended by this act, 32-9p to 32-9s, inclusive, as amended, and 32-23p,  
1965 there is a high likelihood that the facility will remain idle for one year.  
1966 In the case of facilities located in an enterprise zone designated  
1967 pursuant to said section 32-70, (A) the idleness requirement in  
1968 subparagraph (B) of subdivision (1) of this subsection, for business  
1969 organizations which over the six months preceding such acquisition  
1970 have had an average total employment of between six and nineteen  
1971 employees, inclusive, shall be reduced to a minimum of six months,  
1972 and (B) the idleness requirement shall not apply to business  
1973 organizations with an average total employment of five or fewer  
1974 employees, provided no more than one eligibility certificate shall be  
1975 issued under this subparagraph for the same facility within a three-  
1976 year period. Of those facilities which are for warehousing and  
1977 distribution, only those which are newly constructed or which  
1978 represent an expansion of an existing facility qualify as manufacturing

1979 facilities. In the event that only a portion of a plant is acquired,  
1980 constructed, renovated or expanded, only the portion acquired,  
1981 constructed, renovated or expanded constitutes the manufacturing  
1982 facility. A manufacturing facility which is leased may for the purposes  
1983 of subdivisions (59) and (60) of section 12-81 and sections 12-217e, as  
1984 amended by this act, 32-9p to 32-9s, inclusive, as amended, and 32-23p,  
1985 be treated in the same manner as a facility which is acquired if the  
1986 provisions of the lease serve to further the purposes of subdivisions  
1987 (59) and (60) of section 12-81, and sections 12-217e, as amended by this  
1988 act, 32-9p to 32-9s, inclusive, as amended, and 32-23p and demonstrate  
1989 a substantial, long-term commitment by the occupant to use the  
1990 manufacturing facility, including a contract for lease for an initial  
1991 minimum term of five years with provisions for the extension of the  
1992 lease at the request of the lessee for an aggregate term which shall not  
1993 be less than ten years, or the right of the lessee to purchase the facility  
1994 at any time after the initial five-year term, or both. For a facility located  
1995 in an enterprise zone designated pursuant to said section 32-70, and  
1996 occupied by a business organization with an average total employment  
1997 of ten or fewer employees over the six-month period preceding  
1998 acquisition, such contract for lease may be for an initial minimum term  
1999 of three years with provisions for the extension of the lease at the  
2000 request of the lessee for an aggregate term which shall not be less than  
2001 six years, or the right of the lessee to purchase the facility at any time  
2002 after the initial three-year term, or both, and may also include the right  
2003 for the lessee to relocate to other space within the same enterprise  
2004 zone, provided such space is under the same ownership or control as  
2005 the originally leased space or if such space is not under such same  
2006 ownership or control as the originally leased space, permission to  
2007 relocate is granted by the lessor of such originally leased space, and  
2008 such relocation shall not extend the duration of benefits granted under  
2009 the original eligibility certificate. Except as provided in subparagraph  
2010 (B) of subdivision (1) of this subsection, a manufacturing facility does  
2011 not include any plant, building, other real property improvement or  
2012 part thereof used or usable for such purposes which existed before July  
2013 1, 1978.

2014 Sec. 49. Subsection (f) of section 32-9r of the general statutes is  
2015 repealed and the following is substituted in lieu thereof:

2016 (f) The commissioner shall adopt regulations in accordance with  
2017 chapter 54 to carry out the provisions of this section. Such regulations  
2018 shall provide that establishments in the category of business services,  
2019 as defined in the Standard Industrial Classification Manual, or in  
2020 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group  
2021 5621 in the North American Industrial Classification System United  
2022 States manual, United States Office of Management and Budget, 1997  
2023 edition, shall be eligible for a certificate if they are located in an  
2024 enterprise zone.

2025 Sec. 50. Subsection (h) of section 38a-866 of the general statutes is  
2026 repealed and the following is substituted in lieu thereof:

2027 (h) Each insurer paying an assessment under sections 38a-858 to  
2028 38a-875, inclusive, may offset fifty per cent of the amount of such  
2029 assessment against its premium tax liability to this state accrued with  
2030 respect to business transacted in such year. Each insurer which has  
2031 offset assessments paid to the association [from] against its premium  
2032 tax liability to the state shall pay to the [state] Department of Revenue  
2033 Services fifty per cent of any sums which are acquired by refund from  
2034 the association pursuant to subsection (f) of this section. The  
2035 association shall promptly notify the commissioner [that such] of the  
2036 name and address of the insurers to which such refunds have been  
2037 made, the amount of such refunds, and the date on which such refunds  
2038 were mailed to such insurer. If the amount that an insurer is required  
2039 to pay to the Department of Revenue Services has not been so paid on  
2040 or before the thirtieth day after the date of mailing of such refunds, the  
2041 insurer shall be liable for interest on such amount at the rate of one per  
2042 cent per month or fraction thereof from such thirtieth day to the date  
2043 of payment.

2044 Sec. 51. Subsections (a) and (b) of section 12-15 of the general  
2045 statutes, as amended by section 1 of public act 99-121, are repealed and

2046 the following is substituted in lieu thereof:

2047 (a) No officer or employee, including any former officer or former  
2048 employee, of the state or of any other person who has or had access to  
2049 returns or return information in accordance with subdivision [(2)] 12 of  
2050 subsection [(c)] (b) of this section shall disclose or inspect any return or  
2051 return information, except as provided in this section.

2052 (b) The commissioner may disclose (1) returns or return information  
2053 to (A) an authorized representative of another state agency or office,  
2054 upon written request by the head of such agency or office, when  
2055 required in the course of duty or when there is reasonable cause to  
2056 believe that any state law is being violated, or (B) an authorized  
2057 representative of an agency or office of the United States, upon written  
2058 request by the head of such agency or office, when required in the  
2059 course of duty or when there is reasonable cause to believe that any  
2060 federal law is being violated, provided no such agency or office shall  
2061 disclose such returns or return information, other than in a judicial or  
2062 administrative proceeding to which such agency or office is a party  
2063 pertaining to the enforcement of state or federal law, as the case may  
2064 be, in a form which can be associated with, or otherwise identify,  
2065 directly or indirectly, a particular taxpayer except that the names and  
2066 addresses of jurors or potential jurors and the fact that the names were  
2067 derived from the list of taxpayers pursuant to chapter 884 may be  
2068 disclosed by the judicial branch; (2) returns or return information to  
2069 the Auditors of Public Accounts, when required in the course of duty  
2070 under chapter 23; (3) returns or return information to tax officers of  
2071 another state or of a Canadian province or of a political subdivision of  
2072 such other state or province or of the District of Columbia or to any  
2073 officer of the United States Treasury Department or the United States  
2074 Department of Health and Human Services, authorized for such  
2075 purpose in accordance with an agreement between this state and such  
2076 other state, province, political subdivision, the District of Columbia or  
2077 department, respectively, when required in the administration of taxes  
2078 imposed under the laws of such other state, province, political  
2079 subdivision, the District of Columbia or the United States, respectively,

2080 and when a reciprocal arrangement exists; (4) returns or return  
2081 information in any action, case or proceeding in any court of  
2082 competent jurisdiction, when the commissioner or any other state  
2083 department or agency is a party, and when such information is directly  
2084 involved in such action, case or proceeding; (5) returns or return  
2085 information to a taxpayer or its authorized representative, upon  
2086 written request for a return filed by or return information on such  
2087 taxpayer; (6) returns or return information to a successor, receiver,  
2088 trustee, executor, administrator, assignee, guardian or guarantor of a  
2089 taxpayer, when such person establishes, to the satisfaction of the  
2090 commissioner, that such person has a material interest which will be  
2091 affected by information contained in such [return] returns or return  
2092 information; (7) information to the assessor or an authorized  
2093 representative of the chief executive officer of a Connecticut  
2094 municipality, when the information disclosed is limited to (A) a list of  
2095 real or personal property that is or may be subject to property taxes in  
2096 such municipality or (B) a list containing the name of each person who  
2097 is issued any license, permit or certificate which is required, under the  
2098 provisions of this title, to be conspicuously displayed and whose  
2099 address is in such municipality; (8) real estate conveyance tax return  
2100 information or controlling interest transfer tax return information to  
2101 the town clerk or an authorized representative of the chief executive  
2102 officer of a Connecticut municipality to which the information relates;  
2103 (9) estate tax returns and estate tax return information to the Probate  
2104 Court Administrator or to the court of probate for the district within  
2105 which a decedent resided at the date of the decedent's death, or within  
2106 which the commissioner contends that a decedent resided at the date  
2107 of the decedent's death or, if a decedent died a nonresident of this  
2108 state, in the court of probate for the district within which real estate or  
2109 tangible personal property of the decedent is situated, or within which  
2110 the commissioner contends that real estate or tangible personal  
2111 property of the decedent is situated; (10) returns or return information  
2112 to the Secretary of the Office of Policy and Management for purposes  
2113 of subsection (b) of section 12-7a; (11) return information to the Jury  
2114 Administrator, when the information disclosed is limited to the names,

2115 addresses, federal Social Security numbers and dates of birth, if  
2116 available, of residents of this state, as defined in subdivision (1) of  
2117 subsection (a) of section 12-701; (12) pursuant to regulations adopted  
2118 by the commissioner, returns or return information to any person to  
2119 the extent necessary in connection with the processing, storage,  
2120 transmission or reproduction of such returns or return information,  
2121 and the programming, maintenance, repair, testing or procurement of  
2122 equipment, or the providing of other services, for purposes of tax  
2123 administration; [and] (13) without written request and unless the  
2124 commissioner determines that disclosure would identify a confidential  
2125 informant or seriously impair a civil or criminal tax investigation,  
2126 returns and return information which may constitute evidence of a  
2127 violation of any civil or criminal law of this state or the United States to  
2128 the extent necessary to apprise the head of such agency or office  
2129 charged with the responsibility of enforcing such law, in which event  
2130 the head of such agency or office may disclose such return information  
2131 to officers and employees of such agency or office to the extent  
2132 necessary to enforce such law; and (14) names and addresses of  
2133 operators, as defined in section 12-407, as amended, to tourism  
2134 districts, as defined in section 32-302, as amended.

2135 Sec. 52. Subsection (b) of section 12-35 of the general statutes is  
2136 repealed and the following is substituted in lieu thereof:

2137 (b) (1) Any such warrant on any intangible personal property of any  
2138 person may be served by mailing a certified copy of such warrant by  
2139 certified mail, return receipt requested, to any third person in  
2140 possession of, or obligated with respect to, receivables, bank accounts,  
2141 evidences of debt, securities, salaries, wages, commissions,  
2142 compensation or other intangible personal property subject to such  
2143 warrant, ordering such third person to forthwith deliver such property  
2144 or pay the amount due or payable to the state collection agency which  
2145 has made out such warrant, provided such warrant may be issued only  
2146 after the state collection agency making out such warrant has notified  
2147 the person owning such property, in writing, of its intention to issue  
2148 such warrant. The notice of intent shall be: [(1)] (A) Given in person;

2149 [(2)] (B) left at the dwelling or usual place of business of such person;  
2150 or [(3)] (C) sent by certified mail, return receipt requested, to such  
2151 person's last known address, not less than thirty days before the day  
2152 the warrant is to be issued.

2153 (2) Any such warrant on any intangible personal property of any  
2154 person may be served by electronic mail or facsimile machine on any  
2155 third person in possession of, or obligated with respect to, receivables,  
2156 bank accounts, evidences of debt, securities, salaries, wages,  
2157 commissions, compensation or other intangible personal property  
2158 subject to such warrant, ordering such third person to forthwith  
2159 deliver such property or pay the amount due or payable to the state  
2160 collection agency which has made out such warrant provided such  
2161 warrant may be issued only after the state collection agency making  
2162 out such warrant has notified the person owning such property, in  
2163 writing, of its intention to issue such warrant. The notice of intent shall  
2164 be: (A) Given in person; (B) left at the dwelling or usual place of  
2165 business of such person; or (C) sent by certified mail, return receipt  
2166 requested, to such person's last-known address, not less than thirty  
2167 days before the day the warrant is to be issued.

2168 Sec. 53. Subdivision (1) of subsection (a) of section 12-226 of the  
2169 general statutes is repealed and the following is substituted in lieu  
2170 thereof:

2171 (a) (1) Any company whose income, profits or earnings are changed,  
2172 adjusted or corrected for any income year by any official of the United  
2173 States government, or any agency thereof, in any respect affecting the  
2174 tax imposed by this part, shall [within] provide notice of such change,  
2175 adjustment or correction to the commissioner by filing, on or before the  
2176 date that is ninety days after the final determination of such change,  
2177 adjustment or correction, or as otherwise required by the  
2178 commissioner, [submit to the commissioner an affidavit disclosing  
2179 such changes or adjustments,] an amended return under this chapter,  
2180 and shall concede the accuracy of such determination or state wherein  
2181 it is erroneous, and thereafter promptly furnish to the commissioner

2182 any information, schedules, records, documents or papers relating to  
2183 such change, adjustment or correction as [he] the commissioner  
2184 requires. The time for filing such [affidavit] return may be extended by  
2185 the commissioner upon due cause shown. If, upon examination, the  
2186 commissioner finds that the company is liable for the payment of an  
2187 additional tax, [he] the commissioner shall, within a reasonable time  
2188 from the receipt of such [affidavit] return, notify the company of the  
2189 amount of such additional tax, together with interest thereon  
2190 computed at the rate of one per cent per month or fraction thereof from  
2191 the date when the original tax became due and payable. Within thirty  
2192 days of the mailing of such notice, the company shall pay to the  
2193 commissioner, in cash or by check, draft or money order, drawn to the  
2194 order of the Commissioner of Revenue Services, the amount of such  
2195 additional tax and interest. If, upon examination of such [affidavit]  
2196 return and related information, the commissioner finds that the  
2197 company has overpaid the tax due the state and has not received from  
2198 or been allowed by the United States government, or any agency  
2199 thereof, a credit or a benefit as a deduction or otherwise, for or by  
2200 reason of such overpayment, the State Treasurer shall pay the  
2201 company, upon order of the State Comptroller, the amount of such  
2202 overpayment. If the commissioner determines that the company's  
2203 claim of overpayment is not valid, either in whole or in part, [he] the  
2204 commissioner shall mail notice of the proposed disallowance in whole  
2205 or in part of the claim to the company, which notice shall set forth  
2206 briefly the commissioner's findings of fact and the basis of  
2207 disallowance in each case decided in whole or in part adversely to the  
2208 claimant. Sixty days after the date on which it is mailed, a notice of  
2209 proposed disallowance shall constitute a final disallowance except  
2210 only for such amounts as to which the company has filed, as provided  
2211 in subdivision (2) of this subsection, a written protest with the  
2212 commissioner.

2213 Sec. 54. Subsection (a) of section 12-229 of the general statutes is  
2214 repealed and the following is substituted in lieu thereof:

2215 (a) If any company fails to pay the amount of tax reported to be due

2216 on its return [or affidavit] within the time specified under the  
2217 provisions of this part, there shall be imposed a penalty equal to ten  
2218 per cent of such amount due and unpaid, or fifty dollars, whichever  
2219 amount is greater. Such amount shall bear interest at the rate of one  
2220 per cent per month or fraction thereof, from the due date of such tax  
2221 until the date of payment.

2222 Sec. 55. Subsection (a) of section 12-231 of the general statutes is  
2223 repealed and the following is substituted in lieu thereof:

2224 (a) Any person required under this part to pay any tax, or required  
2225 under this part or by regulations adopted in accordance with the  
2226 provisions of section 12-242 to make a return, [or affidavit,] keep any  
2227 records or supply any information, who wilfully fails to pay such tax,  
2228 make such return, [or affidavit,] keep such records or supply such  
2229 information, at the time required by law or regulations, shall, in  
2230 addition to any other penalty provided by law, be fined not more than  
2231 one thousand dollars or imprisoned not more than one year or both.  
2232 Notwithstanding the provisions of section 54-193, no person shall be  
2233 prosecuted for a violation of the provisions of this subsection  
2234 committed on or after July 1, 1997, except within three years next after  
2235 such violation has been committed. As used in this subsection, person  
2236 includes any officer or employee of a company under a duty to pay  
2237 such tax, make such return, [or affidavit,] keep such records or supply  
2238 such information.

2239 Sec. 56. Subdivision (3) of subsection (c) of section 12-264 of the  
2240 general statutes is repealed and the following is substituted in lieu  
2241 thereof:

2242 (3) Each electric distribution company shall, on or before the last  
2243 day of January, April, July and October of each year, render to the  
2244 Commissioner of Revenue Services [under oath of its treasurer, or the  
2245 person performing the duties of treasurer, or of an authorized agent or  
2246 officer,] a return on forms prescribed or furnished by the commissioner  
2247 and signed by its treasurer, or the person performing the duties of

2248 treasurer, or of a authorized agent or officer, with such other  
2249 information as the Commissioner of Revenue Services deems  
2250 necessary.

2251 Sec. 57. Subsection (a) of section 12-293a of the general statutes is  
2252 repealed and the following is substituted in lieu thereof:

2253 (a) Each licensed distributor and dealer shall file with the  
2254 Commissioner of Revenue Services, on or before the twenty-fifth day  
2255 of each month, a report for the calendar month immediately preceding  
2256 in such form and containing such information as the commissioner  
2257 may prescribe. The return shall be accompanied by a payment of the  
2258 amount of the tax shown to be due thereon. The commissioner by  
2259 regulation may exempt from the monthly reporting requirements of  
2260 this section those distributors and dealers who do not acquire  
2261 unstamped cigarettes and in lieu thereof [he] may require an [affidavit  
2262 or] annual report, prescribed as to form by the Commissioner of  
2263 Revenue Services and bearing notice to the effect that false statements  
2264 made in such report are punishable, if, in [his] the commissioner's  
2265 discretion, the enforcement of this chapter would not be adversely  
2266 affected.

2267 Sec. 58. Section 12-348 of the general statutes is repealed and the  
2268 following is substituted in lieu thereof:

2269 The Commissioner of Revenue Services may require, from any  
2270 corporation, institution, society, association or trust claiming  
2271 exemption from the succession tax upon any transfer to it pursuant to  
2272 the provisions of section 12-347, as amended, or claiming a refund  
2273 under the provisions of said section 12-347, as amended, [an affidavit  
2274 under oath of] a declaration, prescribed as to form by the  
2275 Commissioner of Revenue Services and bearing notice to the effect that  
2276 false statements made in such declaration are punishable, by its  
2277 president or chief executive officer to the effect that no officer,  
2278 member, shareholder or employee thereof is receiving or has  
2279 previously received any pecuniary profit from the operation thereof

2280 except reasonable compensation for services in effecting one or more of  
2281 the purposes for which it is formed or as a proper beneficiary of a  
2282 strictly charitable purpose.

2283 Sec. 59. Subdivision (1) of subsection (e) of section 12-349 of the  
2284 general statutes is repealed and the following is substituted in lieu  
2285 thereof:

2286 (e) (1) If, within ten years immediately following the death of the  
2287 decedent, real property in the gross estate of the decedent, classified as  
2288 farm land in accordance with section 12-107c and the value of which,  
2289 for purposes of the tax imposed under this chapter, was determined in  
2290 accordance with provisions applicable to farm land in section 12-63, as  
2291 amended, as provided in subsection (a) of this section, is transferred to  
2292 anyone other than a beneficiary or distributee in class AA, A or B as  
2293 provided in section 12-344 or is no longer classified as farm land in  
2294 accordance with section 12-107c, such beneficiary or distributee shall  
2295 be liable for a tax applicable to such transfer or change in classification.  
2296 Said tax shall be in an amount equal to the difference between the  
2297 amount of tax paid under this chapter with respect to such farm land  
2298 and the amount of tax which would have been paid if such farm land  
2299 had been assessed at fair market value for purposes of determining the  
2300 amount of tax under this chapter, and accordingly, the succession tax  
2301 return of the decedent shall include, in such manner as required by the  
2302 Commissioner of Revenue Services for purposes of this section, a  
2303 [sworn statement] declaration, prescribed as to form by the  
2304 Commissioner of Revenue Services and bearing notice to the effect that  
2305 false statements made in such declaration are punishable, as to the fair  
2306 market value of such farm land, based on its highest and best use  
2307 value, as of the date of death of the decedent. Said tax shall be paid to  
2308 the Commissioner of Revenue Services within sixty days following the  
2309 date of such transfer or change in classification, and if not so paid shall  
2310 bear interest at the rate of twelve per cent per annum, commencing at  
2311 the expiration of such sixty days, until paid. The Commissioner of  
2312 Revenue Services may, for cause shown, on written application of the  
2313 beneficiary or distributee, filed with said commissioner at or before the

2314 expiration of such sixty days, extend the time for payment of said tax  
2315 or any part thereof.

2316 Sec. 60. Subsection (a) of section 12-359 of the general statutes is  
2317 repealed and the following is substituted in lieu thereof:

2318 (a) Except as herein provided, within six months after the death of  
2319 the transferor the administrator, executor, administrator for tax  
2320 purposes, administrator c.t.a. or administrator d.b.n. or administrator  
2321 d.b.n., c.t.a. or, if there is no such fiduciary, any transferee of property,  
2322 the transfer of which may be taxable under the provisions of section  
2323 12-341, 12-341b, 12-342, 12-343, 12-345 or sections 12-345b to 12-345e,  
2324 inclusive, shall file with the court of probate for the district within  
2325 which the transferor resided at the date of his or her death or, if the  
2326 transferor died a nonresident of this state, with the court of probate for  
2327 the district within which the real estate or tangible personal property is  
2328 situated, a [sworn] return, in duplicate, prescribed as to form by the  
2329 Commissioner of Revenue Services and bearing notice to the effect that  
2330 false statements made therein are punishable and containing all items  
2331 necessary to the correct computation and assessment of the tax. Such  
2332 return shall include among other things: (1) A copy of the written  
2333 instrument evidencing any transfer which may be taxable under the  
2334 provisions of subsection (c) or (d) of section 12-341 or 12-341b or of  
2335 section 12-342, 12-343, 12-345 or sections 12-345b to 12-345e, inclusive,  
2336 or, if there is no written evidence, a written statement fully disclosing  
2337 the circumstances under which the transfer was made; provided, in the  
2338 case of a transfer evidenced by an insurance, annuity, pension plan,  
2339 profit-sharing plan or other similar contract with an insurance  
2340 company, in lieu of such copy of the written instrument, a summary  
2341 thereof may be so filed; (2) an appraisal by the fiduciary or transferee,  
2342 at its fair market value on the date of decedent's death, of each item of  
2343 property, the transfer of which may be taxable under the provisions of  
2344 section 12-341, 12-341b, 12-342, 12-343, 12-345 or sections 12-345b to 12-  
2345 345e, inclusive; (3) a statement as to whether, or to what extent, the  
2346 reported transfers are conceded taxable; (4) all items claimed as  
2347 deductions under the provisions of section 12-350 or 12-352, with an

2348 explanation of the circumstances under which each deduction is  
2349 allowable; (5) a statement containing the name and relationship to the  
2350 transferor of each individual, corporation, institution, society,  
2351 association or trust benefiting by reason of any succession or transfer  
2352 of property as set forth in sections 12-340 to 12-343, inclusive, sections  
2353 12-345 and 12-345b to 12-345e, inclusive, and the value of the estate  
2354 passing to each such beneficiary; (6) such other information as the  
2355 Commissioner of Revenue Services may deem necessary for the correct  
2356 computation and assessment of the tax and the proper administration  
2357 thereof. The fiduciary or transferee may correct any item on the  
2358 succession tax return by filing with the probate court an amendment  
2359 thereto in duplicate, [sworn to as the original return,] prescribed as to  
2360 form by the Commissioner of Revenue Services and bearing notice to  
2361 the effect that false statements made therein are punishable and  
2362 containing such changes in the return as the fiduciary desires to make,  
2363 but no such amendment shall be permitted which would change the  
2364 reported value of any property or withdraw a concession of taxability  
2365 after a hearing has been held thereon pursuant to the provisions of  
2366 subsection (b) of this section and no such amendment shall be  
2367 permitted after the computation of the tax has become final. The  
2368 probate court shall, within ten days of the filing of such return or an  
2369 amendment thereto, forward a certified copy thereof to the  
2370 Commissioner of Revenue Services.

2371 Sec. 61. Section 12-390d of the general statutes is repealed and the  
2372 following is substituted in lieu thereof:

2373 If the amount of federal generation-skipping transfer tax reported  
2374 on a federal generation-skipping transfer tax return is changed or  
2375 corrected by the United States Internal Revenue Service or other  
2376 competent authority, the person required to make and file the  
2377 generation-skipping transfer tax return under this chapter shall  
2378 [within] provide notice of such change or correction to the  
2379 commissioner by filing, on or before the date that is ninety days after  
2380 the final determination of such change or correction, or as otherwise  
2381 required by the commissioner, [submit to the commissioner an

2382 affidavit disclosing such change or correction] an amended return  
2383 under this chapter, and shall concede the accuracy of such  
2384 determination or state wherein it is erroneous, and thereafter promptly  
2385 furnish to the commissioner any information, schedules, records,  
2386 documents or papers relating to such change or correction as [he] the  
2387 commissioner requires. The time for filing such [affidavit] return may  
2388 be extended by the commissioner upon due cause shown. If, upon  
2389 examination, the commissioner finds that such person is liable for the  
2390 payment of an additional tax, [he] the commissioner shall, within a  
2391 reasonable time from the receipt of such [affidavit] return, notify such  
2392 person of the amount of such additional tax, together with interest  
2393 thereon computed at the rate of one per cent per month or fraction  
2394 thereof from the date when the original tax became due and payable.  
2395 Within thirty days of the mailing of such notice, such person shall pay  
2396 to the commissioner, in cash or by check, draft or money order, drawn  
2397 to the order of the Commissioner of Revenue Services, the amount of  
2398 such additional tax and interest. If, upon examination of such  
2399 [affidavit] return and related information, the commissioner finds that  
2400 such person has overpaid the tax due the state and has not received  
2401 from or been allowed by the United States government, or any agency  
2402 thereof, a credit or a benefit, as a deduction or otherwise, for or by  
2403 reason of such overpayment, such person shall be paid by the State  
2404 Treasurer, upon order of the Comptroller, the amount of such  
2405 overpayment.

2406 Sec. 62. Subsection (a) of section 12-398 of the general statutes is  
2407 repealed and the following is substituted in lieu thereof:

2408 (a) If the amount of federal estate tax reported on an estate's federal  
2409 estate tax return is changed or corrected by the United States Internal  
2410 Revenue Service or other competent authority, the person required to  
2411 make and file the estate tax return under this chapter shall [, within]  
2412 provide notice of such change or correction to the commissioner by  
2413 filing, on or before the date that is ninety days after the final  
2414 determination of such change or correction, or as otherwise required  
2415 by the commissioner, [submit to the commissioner an affidavit

2416 disclosing such change or correction] an amended return under this  
2417 chapter, and shall concede the accuracy of such determination or state  
2418 wherein it is erroneous, and thereafter promptly furnish to the  
2419 commissioner any information, schedules, records, documents or  
2420 papers relating to such change or correction as [he] the commissioner  
2421 requires. The time for filing such [affidavit] return may be extended by  
2422 the commissioner upon due cause shown. If, upon examination, the  
2423 commissioner finds that the estate is liable for the payment of an  
2424 additional tax, [he] the commissioner shall, within a reasonable time  
2425 from the receipt of such [affidavit] return, notify the estate of the  
2426 amount of such additional tax, together with interest thereon  
2427 computed at the rate of one per cent per month or fraction thereof from  
2428 the date when the original tax became due and payable. Within thirty  
2429 days of the mailing of such notice, the estate shall pay to the  
2430 commissioner, in cash or by check, draft or money order, drawn to the  
2431 order of the Commissioner of Revenue Services, the amount of such  
2432 additional tax and interest. If, upon examination of such [affidavit]  
2433 return and related information, the commissioner finds that the estate  
2434 has overpaid the tax due the state and has not received from or been  
2435 allowed by the United States government, or any agency thereof, a  
2436 credit or a benefit, as a deduction or otherwise, for or by reason of such  
2437 overpayment, the estate shall be paid by the State Treasurer, upon  
2438 order of the Comptroller, the amount of such overpayment.

2439 Sec. 63. Subdivision (3) of subsection (b) of section 12-408c of the  
2440 general statutes is repealed and the following is substituted in lieu  
2441 thereof:

2442 (3) The permit issued under subdivision (2) of this subsection shall  
2443 authorize the holder to the extent and in the manner specified in the  
2444 regulations adopted under said subdivision (2), to purchase tangible  
2445 personal property from a retailer on which the taxes imposed by this  
2446 chapter shall not be payable. The regulations adopted under this  
2447 subsection shall require (A) [an affidavit] a declaration, prescribed as  
2448 to form by the commissioner [, affirming] and bearing notice to the  
2449 effect that false statements made in such declaration are punishable,

2450 stating that such property is purchased for a purpose permitted by this  
2451 subsection, (B) a report to be submitted with, and to be a part of, each  
2452 return that is required to be filed under section 12-414 by the holder of  
2453 such permit detailing the persons from whom such tangible personal  
2454 property was purchased during the period covered by such return, the  
2455 quantities in which and the dates on which such property was  
2456 purchased and any other information deemed necessary by the  
2457 commissioner, and (C) periodic registration, at least annually, for the  
2458 purpose of the issuance of a permit, including procedures relating to  
2459 the application for the permit [ ] and notice concerning the penalty for  
2460 misuse of the permit. [ , and required notarization of the application for  
2461 such permit.]

2462 Sec. 64. Subsection (60) of section 12-412 of the general statutes, as  
2463 amended by section 21 of public act 99-173, is repealed and the  
2464 following is substituted in lieu thereof:

2465 (60) The sale of any motor vehicle or vessel, as defined in section 15-  
2466 127, in this state when the purchaser of such motor vehicle or vessel is  
2467 not a resident of this state and does not maintain a permanent place of  
2468 abode in this state, provided such motor vehicle or vessel is not  
2469 presented for registration with the Department of Motor Vehicles in  
2470 this state and such purchaser submits [any affidavit] a declaration,  
2471 prescribed as to form by the commissioner and bearing notice to the  
2472 effect that false statements made in such declaration are punishable, or  
2473 other evidence as may be requested by the Commissioner of Revenue  
2474 Services concerning such purchaser's residency or place of abode.

2475 Sec. 65. Subdivision (3) of subsection (a) of section 12-458 of the  
2476 general statutes is repealed and the following is substituted in lieu  
2477 thereof:

2478 (3) Said tax shall not be payable on such fuel as may have been (A)  
2479 sold to the United States, (B) sold to a municipality of this state, (i) for  
2480 use by any contractor performing a service for such municipality in  
2481 accordance with a contract, provided such fuel is used by such

2482 contractor exclusively for the purposes of and in accordance with such  
2483 contract or (ii) for use exclusively in a school bus, as defined in section  
2484 14-275, (C) sold to a municipality of this state, a transit district of this  
2485 state, or this state, at other than a retail outlet, for governmental  
2486 purposes and for use in vehicles owned and operated, or leased and  
2487 operated by such municipality, such transit district or this state, (D)  
2488 sold to a person licensed as a distributor in this state under section 12-  
2489 456, (E) transferred from storage within this state to some point  
2490 without this state, (F) sold to the holder of a permit issued under  
2491 section 12-458a for sale or use without this state, (G) sold to the holder  
2492 of a permit issued under subsection (63) of section 12-412, provided (i)  
2493 such fuel is not used in motor vehicles registered or required to be  
2494 registered to operate upon the public highways of this state, unless  
2495 such fuel is used in motor vehicles registered exclusively for farming  
2496 purposes, (ii) such fuel is not delivered, upon such sale, to a tank in  
2497 which such person keeps fuel for personal and farm use and (iii) [an  
2498 affidavit] a statement, prescribed as to form by the Commissioner of  
2499 Revenue Services [affirming] and bearing notice to the effect that false  
2500 statements made under this section are punishable, that such fuel is  
2501 used exclusively for farming purposes, is submitted by such person to  
2502 the distributor, (H) sold exclusively to furnish power for an industrial  
2503 plant in the actual fabrication of finished products to be sold, or for the  
2504 fishing industry, (I) sold exclusively for heating purposes, (J) sold  
2505 exclusively to furnish gas, water, steam or electricity, if delivered to  
2506 consumers through mains, lines or pipes, (K) sold to the owner or  
2507 operator of an aircraft, as defined in section 15-34, exclusively for  
2508 aviation purposes, provided (i) for purposes of this subdivision,  
2509 "aviation purposes" means for the purpose of powering an aircraft or  
2510 an aircraft engine, (ii) such fuel is delivered, upon such sale, to a tank  
2511 in which fuel is kept exclusively for aviation purposes, and (iii) [an  
2512 affidavit] a statement, prescribed as to form by the Commissioner of  
2513 Revenue Services [affirming] and bearing notice to the effect that false  
2514 statements made under this section are punishable, that such fuel is  
2515 used exclusively for aviation purposes, is submitted by such person to  
2516 the distributor, (L) sold to a dealer who is licensed under section 12-

2517 462 and whose place of business is located upon an established airport  
2518 within this state, or (M) diesel fuel sold exclusively for use in portable  
2519 power system generators that are larger than one hundred fifty  
2520 kilowatts.

2521 Sec. 66. Section 12-646 of the general statutes is repealed and the  
2522 following is substituted in lieu thereof:

2523 The Commissioner of Revenue Services may require the donor or  
2524 the donee to show the property subject to the tax, as provided in this  
2525 chapter, to the commissioner upon demand and may employ a suitable  
2526 person to appraise the property. The donor shall [make and subscribe  
2527 his oath] submit a declaration, prescribed as to form by the  
2528 Commissioner of Revenue Services and bearing notice to the effect that  
2529 false statements made in such declaration are punishable, that the  
2530 property shown by [him] said donor on [his] said donor's return to the  
2531 commissioner includes all of the property transferred by gift for the  
2532 calendar year involved and not excluded herein.

2533 Sec. 67. Subsection (b) of section 12-646a of the general statutes is  
2534 repealed and the following is substituted in lieu thereof:

2535 (b) If, within ten years immediately following a transfer to a donee  
2536 where, as provided in subsection (a) of this section, the value is  
2537 determined in accordance with the provisions of section 12-63, as  
2538 amended, such farm land is transferred by the donee to a party other  
2539 than the donee's lineal descendant or the spouse thereof or is no longer  
2540 classified as farm land in accordance with section 12-107c, such donee  
2541 or, if such land was transferred to such donee's lineal descendant or  
2542 the spouse thereof, such descendant or the spouse thereof shall be  
2543 liable for the difference between the tax that was due from the donor  
2544 under the provisions of subsection (a) of this section and the tax that  
2545 would have been due if such land had been valued based upon its fair  
2546 market value, rather than at its value as land classified as farm land  
2547 pursuant to section 12-107c, at the time of such transfer by such donor.  
2548 The gift tax return of the donor shall include, in such manner as

2549 required by the Commissioner of Revenue Services for purposes of this  
2550 section, a [sworn statement] declaration, prescribed as to form by the  
2551 Commissioner of Revenue Services and bearing notice to the effect that  
2552 false statements made in such declaration are punishable, as to the fair  
2553 market value of such farm land, based on its highest and best use  
2554 value, as of the time of such transfer by such donor. The tax imposed  
2555 under this subsection shall be paid to the commissioner within sixty  
2556 days following the date of such transfer or change in classification, and  
2557 if not so paid shall bear interest at the rate of one per cent per month or  
2558 fraction thereof, commencing at the expiration of such sixty days, until  
2559 paid. The commissioner may, for cause shown, on written application  
2560 of such donee or, if such land was transferred to the donee's lineal  
2561 descendant or the spouse thereof, such descendant or the spouse  
2562 thereof, filed with said commissioner at or before the expiration of  
2563 such sixty days, extend the time for payment of said tax or any part  
2564 thereof.

2565 Sec. 68. Section 12-263a of the general statutes, as amended by  
2566 section 31 of public act 173, is repealed and the following is substituted  
2567 in lieu thereof:

2568 As used in sections 12-263a to 12-263e, inclusive:

2569 (1) "Hospital" means any health care facility or institution, as  
2570 defined in section 19a-630, which is licensed as a short-term general  
2571 hospital by the Department of Public Health but does not include (A)  
2572 any hospital which, on October 1, 1997, is within the class of hospitals  
2573 licensed by the department as children's general hospitals, or (B) a  
2574 short-term acute hospital operated exclusively by the state other than a  
2575 short-term acute hospital operated by the state as a receiver pursuant  
2576 to chapter 920;

2577 (2) "Gross revenue" means the amount of a hospital's total charges  
2578 for all patient care services minus any refunds resulting from errors or  
2579 overcharges;

2580 (3) "Contractual allowance" means the percentage amount of

2581 discounts that are provided to nongovernmental payers pursuant to  
2582 subsections (c), (d) and (e) of section 19a-646;

2583 (4) "Uncompensated care" means the cost of care that is written off  
2584 as a bad debt or provided free under a free care policy that has been  
2585 approved by the Office of Health Care Access;

2586 (5) "Other allowances" means any financial requirements, as  
2587 authorized by the Office of Health Care Access, of a hospital resulting  
2588 from circumstances including, but not limited to, an insurance  
2589 settlement of a liability case or satisfaction of a lien or encumbrance,  
2590 any difference between charges for employee self-insurance and  
2591 related expenses. For fiscal years commencing on and after October 1,  
2592 1994, "other allowances" means the amount of any difference between  
2593 charges for employee self-insurance and related expenses determined  
2594 using the hospital's overall relationship of costs to charges as  
2595 determined by the Office of Health Care Access;

2596 (6) "Net revenue" means the amount of a hospital's gross revenue  
2597 minus the hospital's (A) contractual allowances, (B) the difference  
2598 between government charges and government payments, (C)  
2599 uncompensated care and (D) other allowances;

2600 (7) "Hospital gross earnings" means the amount of a hospital's net  
2601 revenue minus (A) the amount that is projected to be received by the  
2602 hospital from the federal government for Medicare patients, based on  
2603 the hospital's budget authorization, and (B) the amount that is  
2604 projected to be received by the hospital from the Department of Social  
2605 Services, based on the hospital's budget authorization;

2606 (8) "Patient care services" means therapeutic and diagnostic medical  
2607 services provided by the hospital to inpatients and outpatients,  
2608 including tangible personal property transferred in connection with  
2609 such services.

2610 Sec. 69. Subsection (29) of section 12-407 of the general statutes is  
2611 repealed and the following is substituted in lieu thereof:

2612 (29) "Patient care services" means therapeutic and diagnostic  
2613 medical services provided by the hospital to inpatients and outpatients  
2614 including tangible personal property transferred [incidental to] in  
2615 connection with such services.

2616 Sec. 70. The intent of section 12-263a and subsection (29) of section  
2617 12-407 of the general statutes, as amended by sections 68 and 69 of this  
2618 act, is to clarify that current law includes in the base of the hospital  
2619 gross earnings tax sales of tangible personal property transferred in  
2620 connection with patient care services and that current law imposes  
2621 sales tax on the sale of tangible personal property transferred in  
2622 connection with patient care services.

2623 Sec. 71. Subsection (2) of section 12-407 of the general statutes, as  
2624 amended by section 10 of public act 99-173, section 10 of public act 99-  
2625 285 and section 1 of this act, is repealed and the following is  
2626 substituted in lieu thereof:

2627 (2) "Sale" and "selling" mean and include: (a) Any transfer of title,  
2628 exchange or barter, conditional or otherwise, in any manner or by any  
2629 means whatsoever, of tangible personal property for a consideration;  
2630 (b) any withdrawal, except a withdrawal pursuant to a transaction in  
2631 foreign or interstate commerce, of tangible personal property from the  
2632 place where it is located for delivery to a point in this state for the  
2633 purpose of the transfer of title, exchange or barter, conditional or  
2634 otherwise, in any manner or by any means whatsoever, of the property  
2635 for a consideration; (c) the producing, fabricating, processing, printing  
2636 or imprinting of tangible personal property for a consideration for  
2637 consumers who furnish either directly or indirectly the materials used  
2638 in the producing, fabricating, processing, printing or imprinting,  
2639 including but not limited to, sign construction, photofinishing,  
2640 duplicating and photocopying; (d) the furnishing and distributing of  
2641 tangible personal property for a consideration by social clubs and  
2642 fraternal organizations to their members or others; (e) the furnishing,  
2643 preparing, or serving for a consideration of food, meals or drinks; (f) a  
2644 transaction whereby the possession of property is transferred but the

2645 seller retains the title as security for the payment of the price; (g) a  
2646 transfer for a consideration of the title of tangible personal property  
2647 which has been produced, fabricated or printed to the special order of  
2648 the customer, or of any publication, including but not limited to, sign  
2649 construction, photofinishing, duplicating and photocopying; (h) a  
2650 transfer for a consideration of the occupancy of any room or rooms in a  
2651 hotel or lodging house for a period of thirty consecutive calendar days  
2652 or less; (i) the rendering of certain services for a consideration,  
2653 exclusive of such services rendered by an employee for his employer,  
2654 as follows: (A) Computer and data processing services, including but  
2655 not limited to, time, programming, code writing, modification of  
2656 existing programs, feasibility studies and installation and  
2657 implementation of software programs and systems even where such  
2658 services are rendered in connection with the development, creation or  
2659 production of canned or custom software or the license of custom  
2660 software, and exclusive of services rendered in connection with the  
2661 creation, development hosting or maintenance of all or part of a web  
2662 site which is part of the graphical, hypertext portion of the Internet,  
2663 commonly referred to as the World-Wide Web, (B) credit information  
2664 and reporting services, (C) services by employment agencies and  
2665 agencies providing personnel services, (D) private investigation,  
2666 protection, patrol work, watchman and armored car services, exclusive  
2667 of services of off-duty police officers and off-duty fire fighters, (E)  
2668 painting and lettering services, (F) photographic studio services, (G)  
2669 telephone answering services, (H) stenographic services, (I) services to  
2670 industrial, commercial or income-producing real property, including  
2671 but not limited to, such services as management, electrical, plumbing,  
2672 painting and carpentry and excluding any such services rendered in  
2673 the voluntary evaluation, prevention, treatment, containment or  
2674 removal of hazardous waste, as defined in section 22a-115, or other  
2675 contaminants of air, water or soil, provided income-producing  
2676 property shall not include property used exclusively for residential  
2677 purposes in which the owner resides and which contains no more than  
2678 three dwelling units, or a housing facility for low and moderate  
2679 income families and persons owned or operated by a nonprofit

2680 housing organization, as defined in subsection (29) of section 12-412,  
2681 (J) business analysis, management, management consulting and public  
2682 relations services, excluding (i) any environmental consulting services,  
2683 and (ii) any training services provided by an institution of higher  
2684 education licensed or accredited by the Board of Governors of Higher  
2685 Education pursuant to section 10a-34, (K) services providing "piped-in"  
2686 music to business or professional establishments, (L) flight instruction  
2687 and chartering services by a certificated air carrier on an aircraft, the  
2688 use of which for such purposes, but for the provisions of subsection (4)  
2689 of section 12-410 and subsection (12) of section 12-411, would be  
2690 deemed a retail sale and a taxable storage or use, respectively, of such  
2691 aircraft by such carrier, (M) motor vehicle repair services, including  
2692 any type of repair, painting or replacement related to the body or any  
2693 of the operating parts of a motor vehicle, (N) motor vehicle parking,  
2694 including the provision of space, other than metered space, in a lot  
2695 having thirty or more spaces, excluding (i) space in a seasonal parking  
2696 lot provided by a person who is exempt from taxation under this  
2697 chapter pursuant to subsection (1), (5) or (8) of section 12-412, (ii) space  
2698 in a parking lot owned or leased under the terms of a lease of not less  
2699 than ten years' duration and operated by an employer for the exclusive  
2700 use of its employees, (iii) valet parking provided at any airport, and  
2701 (iv) space in municipally-operated railroad parking facilities in  
2702 municipalities located within an area of the state designated as a  
2703 severe nonattainment area for ozone under the federal Clean Air Act,  
2704 (O) radio or television repair services, (P) furniture reupholstering and  
2705 repair services, (Q) repair services to any electrical or electronic device,  
2706 including but not limited to, such equipment used for purposes of  
2707 refrigeration or air-conditioning, (R) lobbying or consulting services  
2708 for purposes of representing the interests of a client in relation to the  
2709 functions of any governmental entity or instrumentality, (S) services of  
2710 the agent of any person in relation to the sale of any item of tangible  
2711 personal property for such person, exclusive of the services of a  
2712 consignee selling works of art, as defined in subsection (b) of section  
2713 12-376c, or articles of clothing or footwear intended to be worn on or  
2714 about the human body other than (i) any special clothing or footwear

2715 primarily designed for athletic activity or protective use and which is  
2716 not normally worn except when used for the athletic activity or  
2717 protective use for which it was designed and (ii) jewelry, handbags,  
2718 luggage, umbrellas, wallets, watches and similar items carried on or  
2719 about the human body but not worn on the body in the manner  
2720 characteristic of clothing intended for exemption under subdivision  
2721 (47) of section 12-412, under consignment, exclusive of services  
2722 provided by an auctioneer, (T) locksmith services, (U) advertising or  
2723 public relations services, including layout, art direction, graphic  
2724 design, mechanical preparation or production supervision, not related  
2725 to the development of media advertising or cooperative direct mail  
2726 advertising, (V) landscaping and horticulture services, (W) window  
2727 cleaning services, (X) maintenance services, (Y) janitorial services, (Z)  
2728 exterminating services, (AA) swimming pool cleaning and  
2729 maintenance services, (BB) renovation and repair services as set forth  
2730 in this subparagraph, to other than industrial, commercial or  
2731 income-producing real property: Paving of any sort, painting or  
2732 staining, wallpapering, roofing, siding and exterior sheet metal work,  
2733 (CC) miscellaneous personal services included in industry group 729  
2734 in the Standard Industrial Classification Manual, United States Office  
2735 of Management and Budget, 1987 edition, exclusive of (i) services  
2736 rendered by massage therapists licensed pursuant to chapter 384a, and  
2737 (ii) services rendered by a hypertrichologist licensed pursuant to  
2738 chapter 388, (DD) any repair or maintenance service to any item of  
2739 tangible personal property including any contract of warranty or  
2740 service related to any such item, (EE) business analysis, management  
2741 or managing consulting services rendered by a general partner, or an  
2742 affiliate thereof, to a limited partnership, provided (i) that the general  
2743 partner, or an affiliate thereof, is compensated for the rendition of such  
2744 services other than through a distributive share of partnership profits  
2745 or an annual percentage of partnership capital or assets established in  
2746 the limited partnership's offering statement, and (ii) the general  
2747 partner, or an affiliate thereof, offers such services to others, including  
2748 any other partnership. As used in subparagraph (EE)(i) "an affiliate of  
2749 a general partner" means an entity which is directly or indirectly

2750 owned fifty per cent or more in common with a general partner; and  
2751 (FF) notwithstanding the provisions of section 12-412, except  
2752 subsection (87) thereof, patient care services, as defined in subsection  
2753 (30) of this section by a hospital; (j) the leasing or rental of tangible  
2754 personal property of any kind whatsoever, including but not limited  
2755 to, motor vehicles, linen or towels, machinery or apparatus, office  
2756 equipment and data processing equipment, provided for purposes of  
2757 this subdivision and the application of sales and use tax to contracts of  
2758 lease or rental of tangible personal property, the leasing or rental of  
2759 any motion picture film by the owner or operator of a motion picture  
2760 theater for purposes of display at such theater shall not constitute a  
2761 sale within the meaning of this subsection; (k) the rendering of  
2762 telecommunications service, as defined in subsection (26) of this  
2763 section, for a consideration on or after January 1, 1990, exclusive of any  
2764 such service rendered by an employee for his employer, subject to the  
2765 provisions related to telecommunications service in accordance with  
2766 section 12-407a; (l) the rendering of community antenna television  
2767 service, as defined in subsection (27) of this section, for a consideration  
2768 on or after January 1, 1990, exclusive of any such service rendered by  
2769 an employee for his employer; (m) the transfer for consideration of  
2770 space or the right to use any space for the purpose of storage or  
2771 mooring of any noncommercial vessel, exclusive of dry or wet storage  
2772 or mooring of such vessel during the period commencing on the first  
2773 day of November in any year to and including the thirtieth day of  
2774 April of the next succeeding year; (n) the sale for consideration of  
2775 naming rights to any place of amusement, entertainment or recreation  
2776 within the meaning of subdivision (3) of section 12-540. Wherever in  
2777 this chapter reference is made to the sale of tangible personal property  
2778 or services, it shall be construed to include sales described in this  
2779 subsection, except as may be specifically provided to the contrary.

2780 Sec. 72. Subsection (13) of section 12-407 of the general statutes, as  
2781 amended by section 10 of public act 99-173, section 10 of public act 99-  
2782 285 and section 1 of this act, is repealed and the following is  
2783 substituted in lieu thereof:

2784 (13) "Tangible personal property" means personal property which  
2785 may be seen, weighed, measured, felt or touched or which is in any  
2786 other manner perceptible to the senses including canned or prewritten  
2787 computer software. Tangible personal property includes the  
2788 distribution, generation or transmission of electricity.

2789 Sec. 73. Section 12-407 of the general statutes, as amended by section  
2790 10 of public act 99-173 and section 10 of public act 99-285, is amended  
2791 by adding subsections (31) and (32) as follows:

2792 (NEW) (31) "Canned or prewritten software" means all software,  
2793 other than custom software, that is held or existing for general or  
2794 repeated sale, license or lease, even if the program was initially  
2795 developed as custom software for in-house use.

2796 (NEW) (32) "Custom software" means a computer program  
2797 prepared to the special order of a single customer. The combining of  
2798 two or more prewritten programs or modification of prewritten  
2799 software to accommodate the individual hardware requirements of a  
2800 customer does not constitute custom software.

2801 Sec. 74. The intent of subsections (2), (13), (31) and (32) of section 12-  
2802 407 of the general statutes, as amended by sections 71 to 73, inclusive,  
2803 of this act is to clarify that current law subjects the sale of canned  
2804 software to sales and use taxes as a sale of tangible personal property  
2805 and subjects the sale of computer and data processing services, as  
2806 defined in said sections, to sales and use taxes as a sale of services  
2807 constituting a sale in accordance with subsection (2) of section 12-407  
2808 of the general statutes, as amended by this act.

2809 Sec. 75. Subsection (40) of section 12-412 of the general statutes is  
2810 repealed and the following is substituted in lieu thereof:

2811 (40) (A) Sales of and the storage, use or other consumption of any  
2812 vessel, as defined in section 15-127, used exclusively in commercial  
2813 fishing and any machinery or equipment for use on a commercial  
2814 fishing vessel, provided in the [calendar] purchaser's taxable year

2815 ending immediately preceding the [date of] taxable year during which  
2816 any such sale, storage, use or other consumption occurred, not less  
2817 than fifty per cent of the gross income of the purchaser, as reported for  
2818 federal income tax purposes, shall have been derived from commercial  
2819 fishing, subject to proof satisfactory to the commissioner of revenue  
2820 services.

2821 (B) (i) Sales of and the storage, use or other consumption of any  
2822 vessel used exclusively in commercial fishing and any machinery or  
2823 equipment for use on a commercial fishing vessel, where in the  
2824 purchaser's taxable year ending immediately preceding the taxable  
2825 year during which any such sale, storage, use or other consumption  
2826 occurred, less than fifty per cent of gross income of the purchaser, as  
2827 reported for federal income tax purposes, shall have been derived from  
2828 commercial fishing, provided such purchaser has satisfied the  
2829 commissioner that the purchaser intends to carry on commercial  
2830 fishing as a trade or business for at least two years after the date of  
2831 such purchase.

2832 (ii) Such purchaser shall be liable for the tax otherwise imposed,  
2833 during the period commencing upon the purchase of such vessel,  
2834 machinery or equipment and ending two years after the date of such  
2835 purchase, if commercial fishing is not carried on as a trade or business  
2836 by such applicant during such entire period.

2837 (iii) Such purchaser shall also be liable for the tax otherwise  
2838 imposed, during the period commencing upon the purchase of such  
2839 vessel, machinery or equipment and ending two years after the date of  
2840 such purchase, if less than fifty per cent of the gross income of such  
2841 purchaser, as reported for federal income tax purposes, shall have been  
2842 derived from commercial fishing for the taxable year immediately  
2843 preceding the taxable year during which such two-year period ends or  
2844 if, on average, less than fifty per cent of the gross income of such  
2845 purchaser, as reported for federal income tax purposes, shall have been  
2846 derived from commercial fishing for the two taxable years  
2847 immediately preceding the taxable year during which such two-year

2848 period ends.

2849 (iv) Any purchaser liable for tax under subparagraph (ii) or (iii) of  
2850 this subsection shall not be eligible to make another purchase under  
2851 subparagraph (i) of this subparagraph.

2852 (C) For purposes of this subsection, commercial fishing vessels shall  
2853 include any vessel with a certificate of documentation issued by the  
2854 United States Coast Guard for coastwise fishery.

2855 Sec. 76. Subsection (h) of section 38a-866 of the general statutes is  
2856 repealed and the following is substituted in lieu thereof:

2857 (h) (1) Each insurer paying an assessment under sections 38a-858 to  
2858 38a-875, inclusive, may offset [fifty] one hundred per cent of the  
2859 amount of such assessment against its premium tax liability to this  
2860 state under chapter 207. [accrued with respect to business transacted in  
2861 such year.] Such offset shall be taken over a period of the five  
2862 successive tax years following the year of payment of the assessment,  
2863 at the rate of twenty per cent per year of the assessment paid to the  
2864 association. Each insurer which has offset assessments paid to the  
2865 association from its premium tax liability to the state shall pay to the  
2866 state [fifty] one hundred per cent of any sums which are acquired by  
2867 refund from the association pursuant to subsection (f) of this section.  
2868 The association shall notify the commissioner that such refunds have  
2869 been made.

2870 (2) An insurer may transfer any offset provided under this  
2871 subsection to an affiliate, as defined in section 38a-1, of that insurer.

2872 Sec. 77. Section 38a-841 of the general statutes is amended by adding  
2873 subdivision (3) as follows:

2874 (NEW) (3) (A) Each insurer paying an assessment under sections  
2875 38a-836 to 38a-853, inclusive, may offset one hundred per cent of the  
2876 amount of such assessment against its premium tax liability to this  
2877 state under chapter 207. Such offset shall be taken over a period of the

2878 five successive tax years following the year of payment of the  
2879 assessment, at the rate of twenty per cent per year of the assessment  
2880 paid to the association. Each insurer which has offset assessments paid  
2881 to the association from its premium tax liability to the state shall pay to  
2882 the state one hundred per cent of any sums which are acquired by  
2883 refund from the association pursuant to subdivision (2) of this section.  
2884 The association shall notify the commissioner that such refunds have  
2885 been made.

2886 (B) An insurer may transfer any offset provided under this  
2887 subdivision to an affiliate, as defined in section 38a-1, of that insurer.

2888 Sec. 78. Section 12-202a of the general statutes is repealed and the  
2889 following is substituted in lieu thereof:

2890 (a) Each health care center, as defined in section 38a-175, shall pay a  
2891 tax to the Commissioner of Revenue Services for the calendar year  
2892 commencing on January 1, 1995, and annually thereafter, at the rate of  
2893 one and three-quarters per cent of the total net direct subscriber  
2894 charges received on any new or renewal contract or policy by such  
2895 health care center during each such calendar year, which shall be in  
2896 addition to any other payment required under section 38a-48.

2897 (b) Notwithstanding the provisions of subsection (a) of this section,  
2898 the tax shall not apply to: (1) Any new or renewal contract or policy  
2899 entered into with the state on or after July 1, 1997, to provide health  
2900 care coverage to state employees, retirees and their dependents; (2) any  
2901 subscriber charges received from the federal government to provide  
2902 coverage for Medicare patients; (3) any subscriber charges received  
2903 under a contract or policy entered into with the state to provide health  
2904 care coverage to Medicaid recipients under the Medicaid managed  
2905 care program established pursuant to section 17b-28, as amended,  
2906 which charges are attributable to a period on or after January 1, 1998;  
2907 (4) any new or renewal contract or policy entered into with the state on  
2908 or after April 1, 1998, to provide health care coverage to eligible  
2909 beneficiaries under the HUSKY Medicaid Plan [,] Part A, HUSKY Part

2910 B, or the HUSKY Plus programs, each as defined in section 17b-290, as  
2911 amended; [or] (5) any new or renewal contract or policy entered into  
2912 with the state on or after April 1, 1998, to provide health care coverage  
2913 to recipients of state-administered general assistance pursuant to  
2914 section 17b-257; or (6) any new or renewal contract or policy entered  
2915 into with the state on or after February 1, 2000, to provide health care  
2916 coverage to retired teachers, spouses or surviving spouses covered by  
2917 plans offered by the state teachers' retirement system.

2918 (c) The provisions of this chapter pertaining to the filing of returns,  
2919 declarations, instalment payments, assessments and collection of taxes,  
2920 penalties, administrative hearings and appeals imposed on domestic  
2921 insurance companies shall apply with respect to the charge imposed  
2922 under this section.

2923 Sec. 79. Section 12 of public act 98-237 is repealed and the following  
2924 is substituted in lieu thereof:

2925 The payment obligations of any contingency reserve loan agreement,  
2926 or modification thereof, between the Municipal Liability Trust Fund  
2927 Committee established pursuant to section 19 of public act 86-350, and  
2928 an interlocal risk management agency, which agreement was made in  
2929 accordance with public act 86-350, shall be due on or before [July 1, 2000]  
2930 June 30, 2001, notwithstanding the provision of any such agreement  
2931 regarding repayment of such loan.

2932 Sec. 80. Subsection (a) of section 12-587 is repealed and the  
2933 following is substituted in lieu thereof:

2934 (a) As used in this chapter: (1) "Company" includes a corporation,  
2935 partnership, limited partnership, limited liability company, limited  
2936 liability partnership, association, individual or any fiduciary thereof;  
2937 (2) "quarterly period" means a period of three calendar months  
2938 commencing on the first day of January, April, July or October and  
2939 ending on the last day of March, June, September or December,  
2940 respectively; (3) "gross earnings" means all consideration received  
2941 from the first sale within this state of a petroleum product; (4)

2942 "petroleum products" means those products which contain or are  
2943 made from petroleum or a petroleum derivative, except paraffin or  
2944 microcrystalline waxes; (5) "first sale of petroleum products within this  
2945 state" means the initial sale of a petroleum product delivered to a  
2946 location in this state; (6) "export" or "exportation" means the  
2947 conveyance of petroleum products from within this state to a location  
2948 outside this state for the purpose of sale or use outside this state; and  
2949 (7) "sale for exportation" means a sale of petroleum products to a  
2950 purchaser which itself exports such products.

2951 Sec. 81 Section 12-330c of the general statutes is repealed and the  
2952 following is substituted in lieu thereof:

2953 (a) (1) A tax is imposed on all tobacco products held in this state by  
2954 any person, said tax to be at the rate of twenty per cent of the  
2955 wholesale sales price of such products.

2956 (2) A tax is imposed on all snuff tobacco products held in this state  
2957 by any person, said tax to be imposed as follows: Forty cents per ounce  
2958 of snuff and a proportionate tax at the like rate on all fractional parts of  
2959 an ounce of snuff. For purposes of this subsection, the tax on snuff  
2960 tobacco products shall be computed on the net weight as listed by the  
2961 manufacturer.

2962 (b) Said tax shall be imposed on the distributor or the unclassified  
2963 importer at the time the tobacco product or snuff tobacco product is  
2964 manufactured, purchased, imported, received or acquired in this state.

2965 (c) Said tax shall not be imposed on any tobacco products or snuff  
2966 tobacco products which (1) are exported from the state, or (2) are not  
2967 subject to taxation by this state pursuant to any laws of the United  
2968 States.

2969 Sec. 82. Section 38a-849 of the general statutes and section 35 of  
2970 substitute for senate bill 523 of the current session are repealed.

2971 Sec. 83. This act shall take effect from its passage, except that section

2972 1 to 13, inclusive, shall take effect October 1, 2000, for sales made on or  
2973 after said date, except that sections 14 and 15 shall take effect July 1,  
2974 2000, and shall be applicable to assessments made on or after said date;  
2975 section 16 shall take effect October 1, 2000, and shall be applicable to  
2976 sales of a business or stock of goods occurring on or after said date;  
2977 section 17 shall take effect October 1, 2000, and shall be applicable to  
2978 contracts entered into on or after said date; and sections 19 and 20 shall  
2979 take effect October 1, 2000, and shall be applicable to charges made on  
2980 or after said date; except that sections 23, 25 and 26 shall be applicable  
2981 to income years commencing on or after January 1, 2000; section 27  
2982 shall take effect July 1, 2000, and shall be applicable to calendar  
2983 quarters commencing on or after said date; section 29 shall take effect  
2984 July 1, 2000; sections 30 and 33 shall be applicable to reports for  
2985 periods commencing on or after July 1, 2000; sections 31 and 32 shall  
2986 take effect July 1, 2000, and shall be applicable to applications filed on  
2987 or after said date; section 36 shall be applicable to sales or transfers  
2988 occurring on or after July 1, 2000; sections 37, 38 and 39 shall be  
2989 applicable to taxable years commencing on or after January 1, 2000;  
2990 sections 41 and 43 shall be applicable to returns for taxable years  
2991 commencing on or after January 1, 2000; sections 42, 44 and 45 shall be  
2992 applicable to returns for taxable years commencing on or after January  
2993 1, 1999; section 46 shall be applicable to taxable years commencing on  
2994 or after January 1, 1999, but no interest shall be allowed or paid on any  
2995 overpayment resulting from the application of said section for the  
2996 taxable year commencing on or after January 1, 1999, but prior to  
2997 January 1, 2000; section 47 shall be applicable to assessments first due  
2998 and payable on or after July 31, 2000; and section 50 shall be applicable  
2999 to refunds made on or after July 1, 2000; and sections 53 to 67,  
3000 inclusive, shall take effect July 1, 2000, and sections 68 to 74, inclusive,  
3001 shall apply to all open tax periods, and section 75 shall take effect  
3002 October 1, 2000, and shall be applicable to sales occurring on and after  
3003 October 1, 2000, and sections 76 and 77 shall be applicable to income  
3004 years commencing on and after January 1, 2000, and sections 80 to 82,  
3005 inclusive, shall take effect July 1, 2000."