



House of Representatives

General Assembly

File No. 1

February Session, 2000

House Bill No. 5214

House of Representatives, February 25, 2000

The Committee on Appropriations reported through REP. DYSON, 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

An Act Concerning The Tax Rebate Program.

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

1 Section 1. The sum of \$4,945,000 appropriated to the Department of
2 Higher Education in subsection (a) of section 48 of special act 99-10, for
3 the Higher Education State Matching Grant Fund, shall be transferred
4 to the Department of Revenue Services, for the Tax Rebate Program.

5 Sec. 2. The sum of \$3,000,000 appropriated to the Office of Health
6 Care Access in subsection (a) of section 43 of special act 99-10, for the
7 Distressed Hospitals Loan Program, shall be transferred to the
8 Department of Revenue Services, for the Tax Rebate Program.

9 Sec. 3. The sum of \$2,055,000 appropriated to the Department of
10 Information Technology in subsection (a) of section 43 of special act 99-
11 10, for Year 2000 Conversion, shall be transferred to the Department of
12 Revenue Services, for the Tax Rebate Program.

13 Sec. 4. Notwithstanding the provisions of subsection (a) of section 4
14 of public act 99-173, no individual shall qualify as an "eligible
15 individual" for purposes of sections 3 and 4 of public act 99-173 by
16 filing a return, on or after the effective date of this act, with either the
17 Commissioner of Revenue Services or the Commissioner of Internal
18 Revenue.

19 Sec. 5. This act shall take effect from its passage.

APP Committee Vote: Yea 33 Nay 0 JF

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Cost, covered by available account balances

Affected Agencies: Department of Revenue Services, Department of Higher Education, Office of Health Care Access, Department of Information Technology

Explanation

State Impact:

The following table presents the original budgeted and revised number of eligible individuals for the \$50 sales tax rebate. The number of Connecticut filers shown represents the total number of eligible individuals that filed a state tax return. The number of federal filers shown represents the number of individuals that did not file a Connecticut tax return but filed a federal tax return. The number of Social Security recipients shown represents the total number of individuals receiving Social Security benefits that did not file a state or federal tax return.

Eligibility	Budget		Revised		Difference	
	Number	Amount	Number	Amount	Number	Amount
CT Filers	1,859,000	\$92,950,000	1,839,000	\$91,950,000	(20,000)	(\$1,000,000)
Federal Filers	200,000	\$10,000,000	260,000	\$13,000,000	60,000	\$3,000,000
Social Security	100,000	\$5,000,000	260,000	\$13,000,000	160,000	\$8,000,000
Total	2,159,000	\$107,950,000	2,359,000	\$117,950,000	200,000	\$10,000,000

The following table presents the number of checks and the amount issued through the end of January 2000.

Eligibility	Checks Issued	Amount
CT Filers	1,828,882	\$91,444,100
Federal Filers	229,854	\$11,492,700
Social Security	-	-
Total	2,058,736	\$102,936,800

The net impact of this bill on OFA's projected current surplus of \$247.1 million is an increase of about \$5 million. This is attributable to the fact that the excess funding in the Higher Education Endowment Match account would, under current law, become a lapse in the next fiscal year (FY 01). Since these funds are being made available now, it has the effect of reducing the deficiency need in the current fiscal year.

OFA's estimate included the additional cost of \$10 million for the rebate account, but also projected a lapse of \$6 million in the DOIT Y2K account and a lapse of \$8 million in the OHCA Hospital Loan Account.

Funds in the amount of \$4,945,000 are available to be transferred from the Department of Higher Education because only \$7,705,000 of the \$12,650,000 appropriated from FY 99 surplus will be required in FY 01 based on matching grant amounts submitted by the constituent units and certified by the Department.

Funds in the amount of \$2,055,000 are available to be transferred from the Department of Information Technology. An estimated \$6 million of the \$15 million appropriated from FY 99 surplus to complete

the state's Year 2000 (Y2K) technology conversions is not needed in FY 00, due to lower than anticipated spending and no Y2K emergencies.

Funds in the amount of \$3,000,000 are available to be transferred from the Office of Health Care Access. All of the \$8 million appropriated from FY 99 surplus to the Distressed Hospitals Loan Program will remain unspent in FY 00 due to no applications being received for loans.

Since the bill transfers existing appropriated funds, it has no impact on the status of the spending cap for the current fiscal year.

OFA Bill Analysis

HB 5214

AN ACT CONCERNING THE TAX REBATE PROGRAM.**SUMMARY:**

The bill transfers \$10 million in funds to the Tax Rebate Program administered by the Department of Revenue Services. The bill transfers funds from the following General Fund accounts: 1) \$4,949,000 from the Higher Education State Matching Grant Fund account in the Department of Higher Education, 2) \$3,000,000 from the Distressed Hospitals Loan Program account in the Office of Health Care Access, and 3) \$2,055,000 from the Year 2000 Conversion account in the Department of Information Technology.

The bill also stipulates that in order to qualify for the sales tax rebate individuals must file a 1998 state or federal income tax return on or before the effective date of the bill.

EFFECTIVE DATE: Upon Passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Report
Yea 32 Nay 0