



# House of Representatives

General Assembly

**File No. 559**

*January Session, 2003*

Substitute House Bill No. 6632

*House of Representatives, April 28, 2003*

The Committee on Finance, Revenue and Bonding reported through REP. STILLMAN of the 38th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE WITHHOLDING OF TAX FOR CERTAIN GUEST SPEAKERS AND VISITING TEACHERS.***

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

1 Section 1. Subsection (b) of section 12-705 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2003, and applicable to taxable years commencing on or after January 1,*  
4 *2003*):

5 (b) The commissioner may, if such action is deemed necessary for  
6 the protection of the revenue and under such regulations as he or she  
7 may adopt, require persons other than employers (1) to deduct and  
8 withhold taxes from payments made by such persons to residents of  
9 this state, nonresidents and part-year residents, except that such  
10 regulations shall not apply to payments made by any public or private  
11 elementary, middle, secondary or postsecondary schools or any college  
12 or university to a guest speaker or visiting teacher whose services

13 rendered for such payment are completed in less than thirty  
 14 consecutive days. As used in this subsection, "college or university"  
 15 means a public or private institution of higher education which is  
 16 engaged primarily in education beyond the high school level and the  
 17 property of which is exempt from taxation under any of the  
 18 subdivisions of section 12-81, (2) to file a withholding return as  
 19 prescribed by the commissioner, and (3) to pay over to the  
 20 commissioner, or to a depository designated by the commissioner, the  
 21 taxes so required to be deducted and withheld, in accordance with a  
 22 schedule established in such regulations.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003, and applicable to taxable years commencing on or after January 1, 2003</i>

**FIN**      *Joint Favorable Subst.*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Revenue Serv., Dept.	GF - Revenue Loss	Potential	Potential

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill would result in a revenue loss to the state to the extent that non-resident guest speakers and visiting teachers fail to pay taxes on fees and wages earned in Connecticut. Guest speakers and visiting professors, which are not residents of Connecticut and are in the state for only a few days, may be unaware that they could have a Connecticut income tax liability and therefore neglect to file a return.

Based on information provided by the Department of Revenue Services, schools remit withholding taxes on payments made to guest speakers and visiting professors of \$100,000 to \$200,000 per year.

**OLR Bill Analysis**

sHB 6632

**AN ACT CONCERNING THE WITHHOLDING OF TAX FOR CERTAIN GUEST SPEAKERS AND VISITING TEACHERS****SUMMARY:**

This bill exempts schools and colleges from state income tax withholding requirements on payments to guest speakers and visiting teachers from outside the state for Connecticut services lasting less than 30 consecutive days. The exemption applies to public and private (1) elementary, middle, secondary, and postsecondary schools, whether or not their property is tax-exempt, and (2) higher education institutions engaged primarily in providing postsecondary education whose property is tax-exempt under state law.

Under current Department of Revenue Services (DRS) regulations and policy, anyone who pays a nonresident "performer," including a public speaker, writer, or artist, a fee of \$1,000 or more for services performed in Connecticut must withhold 4.5% of the payment for Connecticut income tax, unless DRS issues a waiver or grants reduced withholding. Those required to withhold such taxes must also comply with DRS record keeping and quarterly and annual filing requirements and provide performers with specified Connecticut tax forms (Conn. Agency Regs., § 12-705(b)-1; DRS Policy Statement PS 2002(1)).

EFFECTIVE DATE: July 1, 2003 and applicable to tax years starting on or after January 1, 2003.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 38 Nay 6