



General Assembly

**Substitute Bill No. 6625**

*January Session, 2003*

**AN ACT CONCERNING CERTAIN ADMINISTRATIVE PROCEDURES  
OF THE DEPARTMENT OF REVENUE SERVICES.**

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

1 Section 1. Subsections (a) and (b) of section 12-35a of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2003*):

4 (a) Whenever used in this section, unless the context otherwise  
5 requires: (1) "Goods" means goods<sub>2</sub> as defined in subdivision (44) of  
6 subsection (a) of section 42a-9-102; (2) "proceeds" means proceeds<sub>2</sub> as  
7 defined in subdivision (64) of subsection (a) of section 42a-9-102; (3)  
8 "debtor" means the taxpayer; (4) "secured party" means the state of  
9 Connecticut; (5) "collateral" means property which is the subject of the  
10 tax lien; (6) "obligations" means amount of tax and accrued penalties  
11 and interest claimed to be due the state in relation to the tax lien; (7)  
12 "person" means any individual, trust, partnership, association,  
13 company, limited liability company or corporation; (8) "purchase  
14 money security interest" means purchase money security interest<sub>2</sub> as  
15 defined in section 42a-9-103a; (9) "commercial transactions financing  
16 agreement" means an agreement entered into by a person in the course  
17 of his trade or business to make loans to the taxpayer, part or all of the  
18 security for repayment of any such loan being inventory acquired by  
19 the taxpayer in the ordinary course of trade or business; (10) "qualified  
20 property" when used with respect to a commercial transactions

21 financing agreement, means inventory; (11) "obligatory disbursement  
22 agreement" means an agreement, entered into by a person in the  
23 course of trade or business, to make disbursements but such an  
24 agreement shall be considered within this term only to the extent of  
25 disbursements which are required to be made by reason of the  
26 intervention of the rights of a person other than the taxpayer; (12)  
27 "qualified property" when used with respect to obligatory  
28 disbursement agreement, means property subject to the lien imposed  
29 in accordance with this section, at the time of tax lien filing and, to the  
30 extent that the acquisition is directly traceable to the disbursements  
31 under an obligatory disbursement agreement, property acquired by  
32 the taxpayer after the time of tax lien filing; (13) "inventory" means  
33 inventory, as defined in subdivision (48) of subsection (a) of section  
34 42a-9-102; (14) "lien creditor" means lien creditor, as [that term is]  
35 defined in subdivision (52) of subsection (a) of section 42a-9-102; (15)  
36 "account" means account, as defined in subdivision (2) of subsection (a)  
37 of section 42a-9-102; (16) "chattel paper" means chattel paper, as  
38 defined in subdivision (11) of subsection (a) of section 42a-9-102; (17)  
39 "commercial tort claim" means commercial tort claim, as defined in  
40 subdivision (13) of subsection (a) of section 42a-9-102; (18) "deposit  
41 account" means deposit account, as defined in subdivision (29) of  
42 subsection (a) of section 42a-9-102; (19) "document" means document,  
43 as defined in subdivision (30) of subsection (a) of section 42a-9-102;  
44 (20) "general intangible" means general intangible, as defined in  
45 subdivision (42) of subsection (a) of section 42a-9-102; (21) "instrument"  
46 means instrument, as defined in subdivision (47) of subsection (a) of  
47 section 42a-9-102; (22) "investment property" means investment  
48 property, as defined in subdivision (49) of subsection (a) of section 42a-  
49 9-102; (23) "filing office" means filing office, as defined in subdivision  
50 (37) of subsection (a) of section 42a-9-102; and (24) "state" means state,  
51 as defined in subdivision (76) of subsection (a) of section 42a-9-102,  
52 except that "the state" or "this state" means the state of Connecticut.

53 (b) Upon failure of any person to pay any tax, except taxes under  
54 chapter 216, due the state within thirty days from its due date, or if

55 before the due date of any tax, except taxes under [said] chapter 216,  
56 the Commissioner of Revenue Services believes that the collection of  
57 such tax will be jeopardized by delay, the state shall have a lien, upon  
58 perfection as hereinafter provided, upon the goods, accounts, chattel  
59 paper, instruments, documents, investment property, deposit  
60 accounts, commercial tort claims and general intangibles situated in  
61 this state and owned by the taxpayer upon the date of perfection, or  
62 upon the goods, accounts, chattel paper, instruments, documents,  
63 investment property, deposit accounts, commercial tort claims and  
64 general intangibles thereafter acquired by the taxpayer. Such lien shall  
65 attach and become perfected at the time when notice of such lien is  
66 filed pursuant to the filing provisions of part 5 of article 9 of title 42a,  
67 except that the signature of the taxpayer against whose property the  
68 lien is claimed shall not be required on said notice of lien and, in each  
69 case, the lien shall be filed as if the debtor were located in this state.  
70 Nothing in this section shall be construed as prohibiting the  
71 commissioner from filing both a notice of lien as if the debtor were  
72 located in this state and a notice of lien with the filing office of a state  
73 other than this state, if the commissioner determines that it would be  
74 beneficial to this state to do so. Except as hereinafter provided, upon  
75 perfection, such lien shall have priority over all subsequently perfected  
76 liens and security interests.

77 Sec. 2. Section 12-39r of the general statutes is repealed and the  
78 following is substituted in lieu thereof (*Effective from passage*):

79 The Commissioner of Revenue Services may allow the payment of  
80 taxes, penalties, interest and fees by means of a credit card, charge card  
81 or debit card and may charge the taxpayer a service fee for any such  
82 payment made by [credit] any such card. The fee shall not exceed any  
83 charge by the [credit] card issuer, including any discount rate.  
84 Payments by [credit] any such card shall be made at such times and  
85 under such conditions as said commissioner may prescribe. The debt  
86 incurred through the payment of taxes by means of [a credit] any such  
87 card shall not be considered a tax collectible pursuant to the provisions  
88 of sections 12-35a, as amended by this act, and 12-35b.

89 Sec. 3. Section 12-497a of the general statutes is repealed and the  
90 following is substituted in lieu thereof (*Effective from passage*):

91 [Neither the tax imposed by section 12-494 nor the requirement of  
92 filing a return prescribed by the Commissioner of Revenue Services  
93 imposed by section 12-497 shall apply to the transfer of burial rights  
94 for a lot in a cemetery organized pursuant to chapter 368j.]

95 (a) The tax imposed by section 12-494 and the requirement of filing  
96 a return pursuant to section 12-497 shall not apply to the transfer of  
97 burial rights for a lot in a cemetery organized pursuant to chapter 368j.

98 (b) The requirement of filing a return pursuant to section 12-497  
99 shall not apply to any deed, instrument or writing which is solely a  
100 grant of easement and to which this state or any of its political  
101 subdivisions or its or their respective agencies is a party.

102 Sec. 4. Section 12-707 of the general statutes is repealed and the  
103 following is substituted in lieu thereof (*Effective for calendar years*  
104 *commencing on or after January 1, 2003*):

105 (a) Each employer required to deduct and withhold tax under this  
106 chapter shall be liable for such tax and shall file a withholding return  
107 as prescribed by the Commissioner of Revenue Services and pay over  
108 to the commissioner, or to a depository designated by the  
109 commissioner, the taxes so required to be deducted and withheld at  
110 the same times that such employer is required, under federal law and  
111 regulations, to pay over federal taxes that are required to be deducted  
112 and withheld from wages of employees, except if the amount of taxes  
113 required to be deducted and withheld in a calendar quarter is less than  
114 five hundred dollars and if the employer is required, under federal law  
115 and regulations, to pay over federal taxes that are required to be  
116 deducted and withheld from wages of employees on or before the last  
117 day of the month next succeeding such calendar quarter, the employer  
118 shall file a withholding return and pay over such taxes on or before the  
119 last day of the month next succeeding the calendar quarter for which  
120 the taxes were deducted and withheld. In the case of an overpayment

121 of tax under this chapter by an employer, refund or credit shall be  
122 made to the employer only to the extent that the amount of such  
123 overpayment was not deducted and withheld by the employer.

124 (b) [Such] The amount of tax required to be deducted and withheld  
125 and paid over to the commissioner under this chapter, when so  
126 deducted and withheld, shall be held to be a special fund in trust for  
127 the state. No employee or other person shall have any right of action  
128 against the employer in respect to any moneys deducted and withheld  
129 from wages and paid over to the commissioner in compliance or in  
130 intended compliance with this chapter.

131 Sec. 5. Section 12-730 of the general statutes is repealed and the  
132 following is substituted in lieu thereof (*Effective from passage*):

133 Notwithstanding the provisions of chapter 54 to the contrary, any  
134 taxpayer aggrieved because of any determination or disallowance by  
135 the commissioner under section 12-729, 12-729a or 12-732 may, within  
136 one month after notice of the commissioner's determination or  
137 disallowance is mailed to the taxpayer, take an appeal therefrom to the  
138 superior court for the judicial district of New Britain, which shall be  
139 accompanied by a citation to the commissioner to appear before said  
140 court. Such citation shall be signed by the same authority, and such  
141 appeal shall be returnable at the same time and served and returned in  
142 the same manner, as is required in case of a summons in a civil action.  
143 The authority issuing the citation shall take from the appellant a bond  
144 or recognizance to the state of Connecticut, with surety to prosecute  
145 the appeal to effect and to comply with the orders and decrees of the  
146 court in the premises. Such appeals shall be preferred cases, to be  
147 heard unless cause appears to the contrary, at the first session by the  
148 court or by a committee appointed by it. Said court may grant such  
149 relief as may be equitable and, if such tax has been paid prior to the  
150 granting of such relief, may order the Treasurer to pay the amount of  
151 such relief, with interest at the rate of two-thirds of one per cent per  
152 month or fraction thereof, to the aggrieved taxpayer. If the appeal has  
153 been taken without probable cause, the court may charge double or

154 triple costs, as the case demands, and upon all such appeals which  
155 may be denied, costs may be taxed against the appellant at the  
156 discretion of the court but no costs shall be taxed against the state.

157       Sec. 6. (NEW) (*Effective from passage and applicable to tax returns first*  
158 *required to be filed with the Commissioner of Revenue Services on or after*  
159 *January 1, 2004*) (a) The Commissioner of Revenue Services may  
160 require, with respect to any amount required to be shown on a form  
161 prescribed for any return, statement or other document required to be  
162 filed with the commissioner under authority of any provision of the  
163 general statutes, that if such amount of such item is other than a  
164 whole-dollar amount, either (1) the fractional part of a dollar shall be  
165 disregarded; or (2) the fractional part of a dollar shall be disregarded  
166 unless it amounts to one-half dollar or more, in which case the amount,  
167 determined without regard to the fractional part of a dollar, shall be  
168 increased by one dollar.

169       (b) The provisions of subsection (a) of this section shall not be  
170 applicable to items which are required to be taken into account in  
171 making the computations necessary to determine the amount required  
172 to be shown on a form, but shall be applicable only to such final  
173 amount.

174       Sec. 7. Section 12-478 of the general statutes is repealed and the  
175 following is substituted in lieu thereof (*Effective from passage*):

176       Whenever used in this chapter:

177       (1) "Motor carrier" means every person, firm or corporation which  
178 operates or causes to be operated on any highway in this state any  
179 qualified motor vehicle;

180       (2) "Operations" means operations of all such vehicles, whether  
181 loaded or empty, whether or not for compensation and whether  
182 owned by or leased to the motor carrier which operates them or causes  
183 them to be operated;

184 (3) "Motor fuel" means "fuels" as defined in section 12-455a; and

185 [(4) "Charter" or "special operations" means the transportation of a  
186 group of persons who, pursuant to a common purpose and under a  
187 single contract and at a fixed charge for the vehicle, have acquired the  
188 exclusive use of a motor bus to travel together as a group to a specified  
189 destination or for a particular itinerary, either agreed upon in advance  
190 or modified by the charter group after leaving the place of origin; and]

191 [(5)] (4) "Qualified motor vehicle" means a motor vehicle that is  
192 used, designed or maintained for transportation of persons or property  
193 and that (A) has two axles and a gross vehicle weight or registered  
194 gross vehicle weight exceeding twenty-six thousand pounds; or (B) has  
195 three or more axles regardless of weight; or (C) is used in combination  
196 and the combined gross vehicle weight or registered gross vehicle  
197 weight exceeds twenty-six thousand pounds; but does not include a  
198 recreation vehicle that is used exclusively for personal pleasure, and  
199 not used in connection with any trade or business, by an individual.

200 Sec. 8. Subdivision (4) of section 52-350a of the general statutes is  
201 repealed and the following is substituted in lieu thereof (*Effective from*  
202 *passage*):

203 (4) "Disposable earnings" means that part of the earnings of an  
204 individual remaining after the deduction from those earnings of  
205 amounts required to be withheld for payment of federal income and  
206 employment taxes, normal retirement contributions, union dues and  
207 initiation fees, group life insurance premiums, health insurance  
208 premiums, and federal tax levies, [, and state income tax deductions  
209 authorized pursuant to section 12-34b.]

210 Sec. 9. Subsection (i) of section 52-361a of the general statutes is  
211 repealed and the following is substituted in lieu thereof (*Effective from*  
212 *passage*):

213 (i) Any assignment by an employee of his earnings shall be void  
214 except (1) payments due for support in public welfare cases [,] and

215 payments pursuant to a family support judgment, [and assignments  
 216 provided for in section 12-34b,] and (2) deductions for union dues and  
 217 initiation fees in accordance with the terms of a duly executed contract  
 218 between an employer and his employees or a collective bargaining  
 219 agent or in accordance with a duly executed authorization signed by  
 220 the employee for the payment of such dues or initiation fees or both to  
 221 such collective bargaining agent.

222 Sec. 10. Subsection (a) of section 31-71b of the general statutes is  
 223 repealed and the following is substituted in lieu thereof (*Effective from*  
 224 *passage*):

225 (a) [Except as otherwise provided in section 12-34b, each] Each  
 226 employer, by himself, his agent or representative, shall pay weekly all  
 227 moneys due each employee on a regular pay day, designated in  
 228 advance by the employer, in cash, by negotiable checks or, upon an  
 229 employee's written request, by credit to such employee's account in  
 230 any bank which has agreed with the employer to accept such wage  
 231 deposits.

232 Sec. 11. (*Effective from passage*) Sections 12-34b and 12-484a of the  
 233 general statutes are repealed.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>for calendar years commencing on or after January 1, 2003</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage and applicable to tax returns first required to be filed with the Commissioner of Revenue Services on or after January 1, 2004</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>
Sec. 9	<i>from passage</i>
Sec. 10	<i>from passage</i>

Sec. 11	<i>from passage</i>
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**FIN**      *Joint Favorable Subst.*