



House of Representatives

General Assembly

File No. 211

February Session, 2004

Substitute House Bill No. 5171

House of Representatives, March 24, 2004

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING STATE CONTRACTS WITH CERTAIN COMPANIES THAT REINCORPORATE OUTSIDE THE UNITED STATES.

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

1 Section 1. (NEW) (*Effective from passage*) (a) This act shall be known
2 as the "Anthony J. Tercyak Act".

3 (b) Not later than October 1, 2004, the Commissioner of
4 Administrative Services shall develop, and annually update, a list of
5 publicly-traded corporations that (1) conduct business in the United
6 States, (2) previously incorporated within the territorial limits of the
7 United States, and (3) on or after July 1, 2004, reincorporated outside
8 the territorial limits of the United States resulting in a reduction of
9 such corporation's federal or Connecticut tax liabilities. The
10 Commissioner of Administrative Services shall post said list on the
11 web site of the Department of Administrative Services.

12 (c) On and after October 1, 2004, no state agency may enter into a
13 contract with any corporation that is on the list described in subsection
14 (b) of this section.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

GAE *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:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Department of Administrative Services	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill requires the Department of Administrative Services (DAS) to develop and annually update a list of publicly traded corporations that have reincorporated outside the United States after July 1, 2004. The list must be posted on the DAS website. The bill also prohibits any state agency from entering into, or renewing, a contract with any company on the DAS reincorporated list. Currently, DAS does not perform this function.

It is not known how many publicly traded companies will reincorporate outside the U.S. in the future. As a result of this bill, DAS will incur a workload increase. Depending on the number of reincorporated companies, DAS may require an additional full-time position to determine which companies have reduced their federal or Connecticut tax liability by reincorporating, develop and publish a reincorporated companies list, and prohibit all state agencies from entering into, or renewing, contracts with reincorporated companies.

OLR Bill Analysis

sHB 5171

AN ACT CONCERNING STATE CONTRACTS WITH CERTAIN COMPANIES THAT REINCORPORATE OUTSIDE THE UNITED STATES

SUMMARY:

By October 1, 2004, this bill requires the Department of Administrative Services (DAS) commissioner to develop, and annually update, a list of publicly traded corporations that (1) conduct business in the United States; (2) previously incorporated within the United States' territorial limits; and (3) on or after July 1, 2004, reincorporated outside the United States' territorial limits, thus reducing their federal or Connecticut tax liability. The commissioner must post the list on the DAS website. Starting October 1, 2004, the bill prohibits state agencies from entering into contracts with any corporation on the list.

The bill specifies that it is the "Anthony J. Tercyak Act."

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 17 Nay 0