



General Assembly

February Session, 2004

**Raised Bill No. 5510**

LCO No. 1304

\*01304\_\_\_\_\_PD\_\*

Referred to Committee on Planning and Development

Introduced by:  
(PD)

**AN ACT CONCERNING WITHHOLDING OF INCOME TAX REFUNDS  
WHEN PROPERTY TAXES ARE DUE.**

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

1 Section 1. Section 12-742 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2004, and*  
3 *applicable to income years commencing on or after January 1, 2004*):

4 (a) In cases where any person or entity is due a refund of state  
5 income taxes, and that same person owes a debt or obligation for  
6 which the Commissioner of Administrative Services is seeking  
7 reimbursement, the Commissioner of Revenue Services, upon  
8 notification by the Commissioner of Administrative Services, shall  
9 withhold the payment of said refund to such person or entity to the  
10 extent of such debt or obligation, provided the Commissioner of  
11 Revenue Services shall notify such debtor that he or she has the right  
12 to a hearing before an officer designated by the Commissioner of  
13 Administrative Services if he or she contests the validity or amount of  
14 the Commissioner of Administrative Services' claim, except that where  
15 the debt or obligation is a debt resulting from failure to pay an order  
16 for child support, the administrative review process will be held in

17 accordance with subsection (c) of section 52-362e, as amended. If the  
18 debtor fails to apply in writing to the Commissioner of Administrative  
19 Services for a hearing within sixty days of the issuance of notice of  
20 withholding, the Commissioner of Revenue Services shall remit the  
21 amount of the withheld refund to the Commissioner of Administrative  
22 Services. If the debtor elects an administrative hearing within this time,  
23 the Commissioner of Revenue Services shall remit the amount of the  
24 withheld refund in accordance with any decisions of the hearing  
25 officer or the court upon an appeal of the hearing officer's decision.

26 (b) (1) In cases where any person or entity is due a refund of state  
27 income taxes, and that same person is in default of a student loan  
28 made or guaranteed by the Connecticut Student Loan Foundation, the  
29 Connecticut Student Loan Foundation shall notify the Commissioner  
30 of Administrative Services of such default. The Commissioner of  
31 Revenue Services, upon notification by the Commissioner of  
32 Administrative Services, shall withhold the payment of said refund to  
33 such person to the extent of such default, provided the Commissioner  
34 of Revenue Services shall notify such person in default that he or she  
35 has the right to a hearing before an officer designated by the  
36 Commissioner of Administrative Services if he or she contests the  
37 validity or amount of the Commissioner of Administrative Services'  
38 claim. If the person in default fails to apply in writing to the  
39 Commissioner of Administrative Services for a hearing within sixty  
40 days of the issuance of notice of withholding, the Commissioner of  
41 Revenue Services shall remit the amount of the withheld refund to the  
42 Commissioner of Administrative Services, who in turn shall remit the  
43 amount of such withheld refund to the Connecticut Student Loan  
44 Foundation. If the person in default elects an administrative hearing  
45 within this time, the Commissioner of Revenue Services shall remit the  
46 amount of the withheld refund in accordance with any decisions of the  
47 hearing officer or the court upon an appeal of the hearing officer's  
48 decision. If a person in default also owes a debt or obligation described  
49 in subsection (a) of this section, the refund shall be applied against  
50 such debt or obligation before being credited against the amount of the

51 default.

52 (2) The Commissioner of Revenue Services, the Commissioner of  
53 Administrative Services and the president of the Connecticut Student  
54 Loan Foundation, on behalf of such corporation, shall enter into an  
55 agreement for the crediting of income tax refunds against the amount a  
56 taxpayer is in default of a loan pursuant to subdivision (1) of this  
57 subsection. The agreement shall include procedures for the  
58 Connecticut Student Loan Foundation to (A) notify the Commissioner  
59 of Administrative Services of a default, and the amount of the default,  
60 and (B) reimburse the Department of Administrative Services and the  
61 Department of Revenue Services for any costs incurred by the  
62 departments in carrying out the provisions of this subsection.

63 (c) (1) In cases where any person or entity is due a refund of state  
64 income taxes, and the tax collector of any city, town, borough or other  
65 taxing district notifies the commissioner that same person is  
66 delinquent in the payment of any property tax, or installment thereof,  
67 laid by any city, town, borough or other taxing district upon real or  
68 personal property, the Commissioner of Revenue Services shall  
69 withhold the payment of said refund to such person to the extent of  
70 unpaid taxes. The Commissioner of Revenue Services shall notify such  
71 person that he or she has the right to a hearing before an officer  
72 designated by the commissioner. If the person fails to apply in writing  
73 to the commissioner for a hearing within sixty days of the issuance of  
74 notice of withholding, the commissioner shall remit the amount of the  
75 withheld refund to the tax collector. If the person elects an  
76 administrative hearing within such time, the commissioner shall pay  
77 the amount of the withheld refund in accordance with any decisions of  
78 the hearing officer or the court upon an appeal of the hearing officer's  
79 decision.

80 (2) The Commissioner of Revenue Services and the tax collector of  
81 any city, town or borough shall enter into an agreement for the  
82 crediting of income tax refunds against the amount a taxpayer owes

83 for unpaid real or personal property. The agreement shall include  
84 procedures for the tax collector to (A) notify the commissioner of  
85 unpaid real or personal property taxes and the amount due, and (B)  
86 reimburse the Department of Revenue Services for any costs incurred  
87 by the department in carrying out the provisions of this subsection.

This act shall take effect as follows:	
Section 1	<i>July 1, 2004, and applicable to income years commencing on or after January 1, 2004</i>

**Statement of Purpose:**

To authorize the Commissioner of Revenue Services to withhold income tax refunds from persons owing property taxes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*