



General Assembly

Substitute Bill No. 6973

January Session, 2005

* _____HB06973APP___052505_____*

AN ACT CONCERNING REPORTING REQUIREMENTS FOR TAX EXPENDITURES.

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

1 Section 1. Section 12-217z of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) There is established a [Corporation] Business Tax Credit Review
4 Committee which shall be comprised of the following members: (1)
5 The chairpersons and ranking members of the joint standing
6 committee of the General Assembly having cognizance of matters
7 relating to finance, revenue and bonding, or their designees; [(2) one
8 member appointed by each of the following: The Governor, the
9 president pro tempore of the Senate, the speaker of the House of
10 Representatives, the majority leader of the Senate, the majority leader
11 of the House of Representatives, the minority leader of the House of
12 Representatives and the minority leader of the Senate;] (2) (A) a
13 representative from the business community appointed by the
14 president pro tempore of the Senate, (B) a representative from a
15 municipal organization appointed by the speaker of the House of
16 Representatives, (C) a representative from a labor organization
17 appointed by the majority leader of the Senate, (D) an attorney
18 specializing in taxation appointed by the majority leader of the House
19 of Representatives, (E) an accountant specializing in taxation
20 appointed by the minority leader of the Senate, and (F) an economist
21 appointed by the minority leader of the House of Representatives; and

22 (3) the Commissioners of Revenue Services and Economic and
23 Community Development, or their designees.

24 (b) The chairpersons of the joint standing committee of the General
25 Assembly having cognizance of matters relating to finance, revenue
26 and bonding shall be the chairpersons of the Business Tax Credit
27 Review Committee. The Business Tax Credit Review Committee shall
28 meet not less than twice a year, and at such other times as the
29 chairpersons deem necessary.

30 (c) (1) Not later than October 1, 2005, and annually thereafter, the
31 Commissioner of Revenue Services shall submit a report to the joint
32 standing committee of the General Assembly having cognizance of
33 matters relating to finance, revenue and bonding, to the Business Tax
34 Credit Review Committee and to the Commissioner of Economic and
35 Community Development, in accordance with the provisions of
36 section 11-4a. Such report shall provide information, based on the most
37 recently available data, with respect to the exemption, tax credit or tax
38 credit refund programs listed in subdivision (3) of this subsection. For
39 the report required on October 1, 2005, only, information otherwise
40 required pursuant to this subsection may be omitted if such
41 information is not available to the Department of Revenue Services.
42 Such report shall include the following information: (A) A list of the
43 names, addresses and locations of all recipients of each such
44 exemption, tax credit or tax credit refund; and (B) for each such
45 recipient: (i) The business activities, (ii) the amount of income
46 apportioned to this state and the taxes paid on such income, (iii) the
47 exemption and the amount of such exemption, the tax credit and
48 amount of such credit taken, or the tax credit refund and the amount of
49 such refund, (iv) the gross revenues during the recipient's most recent
50 fiscal year, (v) the number of employees, both full-time and part-time,
51 at the time of use of such exemption, credit or credit refund, (vi)
52 whether the recipient is a minority business enterprise, as defined in
53 section 4a-60g, (vii) job creation or retention, if any, resulting from the
54 use of such exemption, credit or credit refund, (viii) new or increased
55 revenues to the state or local tax base, if any, due to the use of such

56 exemption, credit or credit refund, and (ix) the amount of investments
57 from private and other nonstate sources, if any, that have been
58 leveraged by such exemption, credit or credit refund. The report shall
59 include a summary of the exemptions, tax credits and tax credit
60 refunds granted, and recommendations for legislation to promote the
61 purposes of such exemptions, tax credits or tax credit refunds.

62 (2) The Commissioner of Revenue Services shall modify any forms
63 used in submitting tax returns pursuant to this chapter or chapter 207,
64 208a, 209, 210, 211 or 212 in such a way as to enable reporting of all
65 information required pursuant to subdivision (1) of this subsection.

66 (3) The exemption and tax credit and tax credit refund programs to
67 be included in the report required pursuant to subsection (c) of this
68 section are those established pursuant to subdivision (1) of subsection
69 (a) of section 12-213, subparagraph (B) of subdivision (9) of subsection
70 (a) of section 12-213, subparagraph (A) of subdivision (2) of subsection
71 (a) of section 12-214, subparagraph (D) of subdivision (1) of subsection
72 (a) of section 12-217, subparagraphs (A) and (B) of subdivision (4) of
73 subsection (a) of section 12-217, sections 12-217e, 12-217g, 12-217i, 12-
74 217j, 12-217l, 12-217n to 12-217p, inclusive, 12-217s to 12-217y,
75 inclusive, and 12-217bb to 12-217ff, inclusive.

76 [(b)] (d) (1) The [committee shall study and evaluate all the existing
77 credits against the corporation business tax] Commissioner of
78 Economic and Community Development shall study and evaluate the
79 report submitted pursuant to subsection (c) of this section. The study
80 shall include, but is not limited to, consideration of the following with
81 respect to each exemption, credit or credit refund: [(1)] (A) Has the
82 exemption, credit or credit refund provided a benefit to the state in
83 terms of (i) measurable economic development, (ii) new investments in
84 the state, (iii) new jobs or retention of existing jobs, or measurable
85 benefits for the workforce in the state, (iv) new or increased revenues
86 to the state or local tax base, (v) its impact on the cost of goods or
87 services, and (vi) maintenance of a competitive advantage for this
88 state; [(2)] (B) is there sufficient justification to continue the exemption,

89 credit or credit refund as it currently exists or is it obsolete; [(3)] (C)
90 could the exemption, credit or credit refund be more efficiently
91 administered as part of a broad-based exemption, credit or credit
92 refund; and [(4)] (D) does the exemption, credit or credit refund add
93 unnecessary complexity in the application, administration and
94 approval process for the exemption, credit or credit refund. The
95 [committee] Commissioner of Economic and Community
96 Development shall also engage in an analysis of the history, rationale
97 and estimated revenue loss as a result of each tax exemption, credit or
98 credit refund, and shall recommend revisions necessary to change the
99 tax by eliminating or changing any redundant, obsolete or unnecessary
100 tax exemption, credit or credit refund, or any exemption, credit or
101 credit refund that is not providing a measurable benefit sufficient to
102 justify any revenue loss to the state.

103 (2) Not later than January 1, 2006, and annually thereafter, the
104 Commissioner of Economic and Community Development shall
105 submit a report on the study and evaluation required pursuant to
106 subdivision (1) of this subsection to the Business Tax Credit Review
107 Committee, in accordance with the provisions of section 11-4a.

108 [(c)] (e) The [committee shall] Business Tax Credit Review
109 Committee shall review the reports and recommendations submitted
110 pursuant to subsections (c) and (d) of this section, and report its
111 findings and recommendations to the joint standing committee of the
112 General Assembly having cognizance of matters relating to finance,
113 revenue and bonding no later than [January 30, 2002] February 15,
114 2006, and [every five years] annually thereafter, in accordance with
115 section 11-4a.

116 Sec. 2. Subsection (b) of section 12-15 of the general statutes is
117 repealed and the following is substituted in lieu thereof (*Effective from*
118 *passage and applicable to income years commencing January 1, 2005*):

119 (b) The commissioner may disclose (1) returns or return information
120 to (A) an authorized representative of another state agency or office,

121 upon written request by the head of such agency or office, when
122 required in the course of duty or when there is reasonable cause to
123 believe that any state law is being violated, or (B) an authorized
124 representative of an agency or office of the United States, upon written
125 request by the head of such agency or office, when required in the
126 course of duty or when there is reasonable cause to believe that any
127 federal law is being violated, provided no such agency or office shall
128 disclose such returns or return information, other than in a judicial or
129 administrative proceeding to which such agency or office is a party
130 pertaining to the enforcement of state or federal law, as the case may
131 be, in a form which can be associated with, or otherwise identify,
132 directly or indirectly, a particular taxpayer except that the names and
133 addresses of jurors or potential jurors and the fact that the names were
134 derived from the list of taxpayers pursuant to chapter 884 may be
135 disclosed by the judicial branch; (2) returns or return information to
136 the Auditors of Public Accounts, when required in the course of duty
137 under chapter 23; (3) returns or return information to tax officers of
138 another state or of a Canadian province or of a political subdivision of
139 such other state or province or of the District of Columbia or to any
140 officer of the United States Treasury Department or the United States
141 Department of Health and Human Services, authorized for such
142 purpose in accordance with an agreement between this state and such
143 other state, province, political subdivision, the District of Columbia or
144 department, respectively, when required in the administration of taxes
145 imposed under the laws of such other state, province, political
146 subdivision, the District of Columbia or the United States, respectively,
147 and when a reciprocal arrangement exists; (4) returns or return
148 information in any action, case or proceeding in any court of
149 competent jurisdiction, when the commissioner or any other state
150 department or agency is a party, and when such information is directly
151 involved in such action, case or proceeding; (5) returns or return
152 information to a taxpayer or its authorized representative, upon
153 written request for a return filed by or return information on such
154 taxpayer; (6) returns or return information to a successor, receiver,
155 trustee, executor, administrator, assignee, guardian or guarantor of a

156 taxpayer, when such person establishes, to the satisfaction of the
157 commissioner, that such person has a material interest which will be
158 affected by information contained in such returns or return
159 information; (7) information to the assessor or an authorized
160 representative of the chief executive officer of a Connecticut
161 municipality, when the information disclosed is limited to (A) a list of
162 real or personal property that is or may be subject to property taxes in
163 such municipality, or (B) a list containing the name of each person who
164 is issued any license, permit or certificate which is required, under the
165 provisions of this title, to be conspicuously displayed and whose
166 address is in such municipality; (8) real estate conveyance tax return
167 information or controlling interest transfer tax return information to
168 the town clerk or an authorized representative of the chief executive
169 officer of a Connecticut municipality to which the information relates;
170 (9) estate tax returns and estate tax return information to the Probate
171 Court Administrator or to the court of probate for the district within
172 which a decedent resided at the date of the decedent's death, or within
173 which the commissioner contends that a decedent resided at the date
174 of the decedent's death or, if a decedent died a nonresident of this
175 state, in the court of probate for the district within which real estate or
176 tangible personal property of the decedent is situated, or within which
177 the commissioner contends that real estate or tangible personal
178 property of the decedent is situated; (10) returns or return information
179 to the Secretary of the Office of Policy and Management for purposes
180 of subsection (b) of section 12-7a; (11) return information to the Jury
181 Administrator, when the information disclosed is limited to the names,
182 addresses, federal Social Security numbers and dates of birth, if
183 available, of residents of this state, as defined in subdivision (1) of
184 subsection (a) of section 12-701; (12) pursuant to regulations adopted
185 by the commissioner, returns or return information to any person to
186 the extent necessary in connection with the processing, storage,
187 transmission or reproduction of such returns or return information,
188 and the programming, maintenance, repair, testing or procurement of
189 equipment, or the providing of other services, for purposes of tax
190 administration; (13) without written request and unless the

191 commissioner determines that disclosure would identify a confidential
 192 informant or seriously impair a civil or criminal tax investigation,
 193 returns and return information which may constitute evidence of a
 194 violation of any civil or criminal law of this state or the United States to
 195 the extent necessary to apprise the head of such agency or office
 196 charged with the responsibility of enforcing such law, in which event
 197 the head of such agency or office may disclose such return information
 198 to officers and employees of such agency or office to the extent
 199 necessary to enforce such law; (14) names and addresses of operators,
 200 as defined in section 12-407, to tourism districts, as defined in section
 201 10-397; (15) names of each licensed dealer, as defined in section 12-285,
 202 and the location of the premises covered by the dealer's license; [and]
 203 (16) to a tobacco product manufacturer that places funds into escrow
 204 pursuant to the provisions of subsection (a) of section 4-28i, return
 205 information of a distributor licensed under the provisions of chapter
 206 214 or chapter 214a, provided the information disclosed is limited to
 207 information relating to such manufacturer's sales to consumers within
 208 this state, whether directly or through a distributor, dealer or similar
 209 intermediary or intermediaries, of cigarettes, as defined in section 4-
 210 28h, and further provided there is reasonable cause to believe that such
 211 manufacturer is not in compliance with section 4-28i; and (17) return
 212 information for purposes of section 12-217z, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	12-217z
Sec. 2	<i>from passage and applicable to income years commencing January 1, 2005</i>	12-15(b)

Statement of Legislative Commissioners:

In section 1, the language of subsection (a) was adjusted slightly to clarify membership on the committee.

FIN *Joint Favorable Subst.*

APP *Joint Favorable*