



General Assembly

January Session, 2005

Raised Bill No. 1266

LCO No. 4192

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

**AN ACT CONCERNING THE PROCESSING OF TAX RETURNS BY
THE DEPARTMENT OF REVENUE SERVICES.**

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

1 Section 1. Subsection (c) of section 10-228b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage and applicable to taxable years commencing on or after January 1,*
4 *2005*):

5 (c) Such applications may be submitted to the Commissioner of
6 Revenue Services on an ongoing basis. The commissioner shall review
7 each application and shall, not later than thirty days following its
8 receipt, approve or disapprove the application. The decision of the
9 commissioner to approve or disapprove an application pursuant to the
10 provisions of this section shall be in writing and, if the commissioner
11 approves the proposal, the commissioner shall state the maximum
12 credit allowable to the business firm. [A copy of the decision shall be
13 attached to the tax return of the business firm upon which the tax
14 credit granted pursuant to this section is claimed.]

15 Sec. 2. Subsection (j) of section 10-416 of the general statutes is

16 repealed and the following is substituted in lieu thereof (*Effective from*
17 *passage and applicable to taxable years commencing on or after January 1,*
18 *2005*):

19 (j) The Commissioner of Revenue Services shall grant a tax credit to
20 a taxpayer holding the tax credit voucher issued under subsections (e)
21 to (i), inclusive, of this section against any tax due under chapter 207,
22 208, 209, 210, 211 or 212 in the amount specified in the tax credit
23 voucher. [Such taxpayer shall submit the voucher and the
24 corresponding tax return to the Department of Revenue Services.] The
25 commission shall provide a copy of the voucher to the Commissioner
26 of Revenue Services, upon the request of said commissioner.

27 Sec. 3. Subsection (f) of section 12-217e of the general statutes is
28 repealed and the following is substituted in lieu thereof (*Effective from*
29 *passage and applicable to income years commencing on or after January 1,*
30 *2005*):

31 (f) [Any taxpayer claiming the credit allowed by this section shall
32 submit to the Commissioner of Revenue Services] The Commissioner
33 of Economic and Community Development shall provide a copy of the
34 applicable eligibility certificate [with his tax return in each income year
35 for which a deduction is claimed] to the Commissioner of Revenue
36 Services upon request.

37 Sec. 4. Subsections (e) and (f) of section 12-217n of the general
38 statutes are repealed and the following is substituted in lieu thereof
39 (*Effective from passage and applicable to income years commencing on or after*
40 *January 1, 2005*):

41 (e) In addition to the wage base test set forth in subsection (f) of this
42 section, any aerospace company or in the case of a combined return,
43 any combined group including an aerospace company, shall be subject
44 to this subsection for any income year commencing on or after January
45 1, 1993, and prior to January 1, 1996. For purposes of this subsection,
46 an aerospace company is any taxpayer, whether or not included in a

47 combined return, engaged principally in the aerospace industry whose
48 research and development expenses during each of the income years
49 beginning on or after January 1, 1990, 1991 and 1992, respectively,
50 exceeded two hundred million dollars. No aerospace company, or in
51 the case of a combined return, a combined group including an
52 aerospace company, shall be allowed any credit under this section for
53 any income year to which this subsection applies in which the
54 aggregate transfers by an aerospace company, if any, of historical
55 economic base functions outside of this state, other than to a location
56 outside the United States, since January 1, 1993, through the end of
57 such income year, have materially reduced the historical economic
58 base functions in this state. For purposes of this subsection, the
59 historical economic base functions shall be those economic base
60 functions conducted by an aerospace company, which need not be all
61 economic base functions of the aerospace company, in this state on
62 January 1, 1993, whose continuance in this state, as determined by the
63 commissioner in his discretion, will further the policies set forth in
64 section 32-221. Such historical economic base functions shall be set
65 forth in a binding memorandum of understanding between the
66 commissioner and an aerospace company that may be entered into at
67 any time prior to the expiration of the first income year to which this
68 subsection applies, with sufficient specificity to allow the
69 commissioner and the aerospace company to determine in all income
70 years subject to this subsection whether there has been such a
71 reduction in said historical economic base functions. As a prerequisite
72 to the allowance of any credit otherwise allowable under this section
73 for any income year to which this subsection applies, each aerospace
74 company shall obtain a certificate of eligibility issued by the
75 commissioner to the aerospace company for such income year. The
76 aerospace company shall within sixty days of the close of each income
77 year to which this subsection applies certify to the commissioner that
78 there has been no such aggregate material reduction in the historical
79 economic base functions in this state for the income year just
80 completed that otherwise has not been offset as provided below.

81 Within sixty days thereafter, the commissioner shall review the
82 certification and, if the commissioner determines that there has been
83 no such net aggregate material reduction in the historical economic
84 base functions in this state, the commissioner shall issue a certificate of
85 eligibility for said income year. The following shall not constitute a
86 material reduction in the historical economic base functions in this
87 state: (1) A reduction of not more than two per cent of the historical
88 economic base functions; (2) transfer of an historical economic base
89 function to a person in this state; (3) transfer of a historical economic
90 base function outside of the United States; or (4) reductions in
91 historical economic base functions attributable to reductions in
92 volume, productivity improvements or the discontinuance of
93 operations due to obsolescence or the like. Any transfers that may
94 otherwise be counted in determining if a material reduction occurred
95 may be offset to the extent economic base functions listed in, or
96 comparable to those listed in, the memorandum of understanding are
97 increased in this state, transferred into this state, or established in this
98 state. Any such increase, transfer or establishment made during an
99 income year, or subsequent to such income year but prior to the filing
100 of the return for such income year, shall be effective for such income
101 year and all income years thereafter. The commissioner may issue or
102 reissue a certificate of eligibility for the applicable income year
103 following any such offset. [The aerospace company, or in the case of a
104 combined return including an aerospace company, the combined
105 group, shall include its certificate of eligibility and memorandum of
106 understanding with its corporation business tax return for any
107 applicable income year. Information provided under this subsection
108 and subsection (f) of this section shall be treated as provided in
109 subsection (k) of section 32-11a.] The commissioner shall provide a
110 copy of the certificate of eligibility and memorandum of
111 understanding to the Commissioner of Revenue Services upon request.

112 (f) The tentative credit allowable to the taxpayer, or in the case of a
113 combined return, the combined group, that pays or incurs research
114 and development expenses in excess of two hundred million dollars

115 for the income year shall be reduced for any income year in which the
116 workforce reductions, if any, exceed the percentages set forth below.
117 For purposes of this subsection, workforce reductions shall be
118 reductions of the historical Connecticut wage base of the taxpayer, or
119 in the case of a combined return, the combined group, as a result of the
120 transfer outside of this state, other than to a location outside the United
121 States, of work done by employees of the taxpayer, or in the case of a
122 combined return, the combined group. Such reduction in the tentative
123 credit shall be as follows: (1) If the historical Connecticut wage base for
124 the income year is so reduced by not more than two per cent, the
125 tentative credit allowable for the income year shall not be reduced; (2)
126 if the historical Connecticut wage base for the income year is so
127 reduced by more than two per cent but not more than three per cent,
128 the tentative credit allowable for the income year shall be reduced by
129 ten per cent; (3) if the historical Connecticut wage base for the income
130 year is so reduced by more than three per cent but not more than four
131 per cent, the tentative credit allowable for the income year shall be
132 reduced by twenty per cent; (4) if the historical Connecticut wage base
133 for the income year is so reduced by more than four per cent but not
134 more than five per cent, the tentative credit allowable for the income
135 year shall be reduced by forty per cent; (5) if the historical Connecticut
136 wage base for the income year is so reduced by more than five per cent
137 but not more than six per cent, the tentative credit allowable for the
138 income year shall be reduced by seventy per cent; and (6) if the
139 historical Connecticut wage base for the income year is so reduced by
140 more than six per cent, no credit for the income year shall be allowed.
141 The Connecticut wage base for any income year shall be the total
142 wages assigned to Connecticut for such income year under section 12-
143 218 excluding wages paid to the ten most highly-compensated
144 executives of the taxpayer, or in the case of a combined return, the
145 combined group, and any compensation that does not subject the
146 recipient thereof to federal income tax thereon in said income year. The
147 historical Connecticut wage base shall be the Connecticut wage base
148 for the third full income year immediately preceding the current

149 income year; provided the historical Connecticut wage base for the
150 first three income years commencing on or after January 1, 1993, shall
151 be the Connecticut wage base for May 1993, converted to an annual
152 basis. The following shall not constitute a workforce reduction for any
153 income year: (A) A reduction of wages attributable to the transfer of
154 work done by a taxpayer, or in the case of a combined return, by the
155 combined group, in this state to a party in this state; (B) a reduction of
156 wages attributable to the transfer of work done by a taxpayer, or in the
157 case of a combined return, by the combined group, outside the United
158 States; or (C) a reduction in wages attributable to reductions in
159 volume, productivity improvements or the discontinuance of
160 operations due to obsolescence or the like. Solely for purposes of
161 determining whether the allowable credit is to be reduced under this
162 subsection for any income year, the Connecticut wages attributable to
163 any new jobs or jobs moved into this state by the taxpayer, or in the
164 case of a combined return, the combined group, during such income
165 year or subsequent to such income year but prior to the filing of the
166 return for such income year shall be an offset to any workforce
167 reduction of a taxpayer, or in the case of a combined return, the
168 combined group, for said income year. A new job shall be a job that
169 did not exist in the business of a taxpayer, or in the case of a combined
170 return, a member of the combined group, in this state at the end of the
171 income year just completed. Notwithstanding subsection (g) of this
172 section, a taxpayer may elect for any income year to separately
173 compute its allowable tentative credit under this subsection for any
174 one or more business units that had gross revenues for such income
175 year in excess of one hundred million dollars. Any taxpayer subject to
176 this subsection shall within sixty days of the close of each income year
177 certify to the commissioner whether or not there has been any
178 workforce reduction for the income year just completed, the amount
179 thereof, and any offsets thereto as provided above. Within sixty days
180 thereafter, the commissioner shall review the certification and, if the
181 commissioner determines that there has been no more than a six per
182 cent workforce reduction, net of any such offsets, the commissioner

183 shall issue a certificate of eligibility stating the amount of net
184 workforce reduction so determined for said income year, if any. The
185 commissioner shall not issue a certificate of eligibility for any income
186 year in which the commissioner determines that there has been more
187 than a six per cent net workforce reduction. [The taxpayer, or in the
188 case of a combined return, the combined group, shall file such a
189 certificate of eligibility with any return on which a credit subject to this
190 subsection is claimed.] The commissioner shall provide a copy of the
191 certificate of eligibility to the Commissioner of Revenue Services upon
192 request.

193 Sec. 5. Subsection (d) of section 12-217p of the general statutes is
194 repealed and the following is substituted in lieu thereof (*Effective from*
195 *passage and applicable to taxable years commencing on or after January 1,*
196 *2005*):

197 [(d) Any business firm claiming the credit allowed by this section
198 shall submit documentation to the Commissioner of Revenue Services
199 that the revolving loan fund complies with written procedures for
200 revolving loan funds established by the Connecticut Housing Finance
201 Authority under subsection (c) of this section.]

202 (d) The Connecticut Housing Finance Authority shall provide
203 written confirmation to the Commissioner of Revenue Services, upon
204 said commissioner's request, that an employer revolving loan fund
205 complies with the written procedures established pursuant to
206 subsection (c) of this section.

207 Sec. 6. Subsection (d) of section 12-217t of the general statutes is
208 repealed and the following is substituted in lieu thereof (*Effective from*
209 *passage and applicable to income years commencing on or after January 1,*
210 *2005*):

211 (d) In the case of leased electronic data processing equipment, the
212 lessee, not the lessor, shall be entitled to claim the credit allowed
213 pursuant to this section if the lease by its terms or operation imposes

214 on the lessee the cost of the personal property taxes on such
215 equipment, provided the lessor and lessee may elect, in writing, that
216 the lessor may claim the credit provided by this section. [Such election
217 shall be attached to the tax return filed by the lessor on which such
218 credit is claimed.] The lessor shall provide a copy of such election to
219 the Commissioner of Revenue Services, upon the request of said
220 commissioner.

221 Sec. 7. Subsection (j) of section 12-217u of the general statutes is
222 repealed and the following is substituted in lieu thereof (*Effective from*
223 *passage and applicable to income years commencing on or after January 1,*
224 *2005*):

225 [(j) Any taxpayer claiming a credit allowed under this section shall
226 submit to the Commissioner of Revenue Services a copy of the
227 certificate of eligibility with its tax return for each income year for
228 which the credit is claimed.]

229 (j) The commissioner shall provide a copy of the certificate of
230 eligibility to the Commissioner of Revenue Services upon request.

231 Sec. 8. Subsection (a) of section 12-221a of the general statutes is
232 repealed and the following is substituted in lieu thereof (*Effective from*
233 *passage and applicable to income years commencing on or after January 1,*
234 *2005*):

235 (a) If the method of apportionment prescribed in sections 12-218, 12-
236 218a and 12-219a, as administered by the Commissioner of Revenue
237 Services and applied to the business of any company, unfairly
238 attributes to this state an undue proportion of its net income or
239 minimum tax base, such company may submit a petition, in writing, to
240 said commissioner for approval of an alternate method of
241 apportionment [by filing with] no later than the due date of its return,
242 [to the commissioner a statement of] stating its objections and [of] such
243 other proposed method of apportionment as it believes proper and
244 equitable under the circumstances, accompanied by supporting details

245 and proofs. The commissioner, within a reasonable time thereafter,
246 shall notify the company whether the proposed method is accepted as
247 reasonable and equitable and, if so accepted, shall adjust the return
248 and tax accordingly.

249 Sec. 9. Section 12-256 of the general statutes is repealed and the
250 following is substituted in lieu thereof (*Effective October 1, 2005*):

251 [(a) Each person carrying on an express business on railroads, and
252 each person conducting a telegraph or cable business shall pay an
253 annual tax upon the gross earnings from (1) the routes in this state in
254 the case of any person carrying on such an express business, and (2)
255 the lines in this state in the case of any person conducting a telegraph
256 or cable business, provided in the case of a person conducting a
257 telegraph business the tax imposed under this section shall only be
258 applicable with respect to a person conducting such business, and the
259 services offered by such person, subject to tax under this section on
260 January 1, 1986. No deduction shall be allowed from such gross
261 earnings from operations for commissions, rebates or other payments,
262 except such refunds as arise from errors or overcharges. Each such
263 person shall, on or before April first, annually, render to the
264 Commissioner of Revenue Services a return signed by the treasurer, or
265 the person performing the duties of treasurer, or an authorized agent
266 or officer of the business or system operated by such person, on forms
267 prescribed or furnished by the commissioner specifying: The name and
268 location within this state of such business or system or, if it has no
269 location within this state, where such business or system is located; the
270 total amount of gross earnings subject to the tax imposed under this
271 section for the year ending the thirty-first day of December next
272 preceding or for each lesser period of consecutive time during such
273 year, each such year or period being in this chapter and chapter 212a
274 called a "tax year", in which business or operations were carried on in
275 this state; the total miles of railway routes which each of the persons
276 doing an express business was entitled to operate under contracts with
277 railroad companies and the number of miles of such railway routes

278 within this state on the first day and on the last day of the tax year; the
279 total miles of wires operated by each of the persons conducting a
280 telegraph or cable business and the total miles of such wires operated
281 within this state on the first day and on the last day of the tax year.]

282 [(b)] (a) For purposes of this [subsection] section, "quarterly period"
283 means a period of three calendar months commencing on the first day
284 of January, April, July or October and ending on the last day of March,
285 June, September or December, respectively.

286 (b) Each person operating a community antenna television system
287 under chapter 289 and each person operating a business that provides
288 one-way transmission to subscribers of video programming by satellite
289 shall pay a quarterly tax upon the gross earnings from (1) the lines,
290 facilities, apparatus and auxiliary equipment in this state used for
291 operating a community antenna television system, or (2) the
292 transmission to subscribers in this state of video programming by
293 satellite, as the case may be. No deduction shall be allowed from such
294 gross earnings for operations related to commissions, rebates or other
295 payments, except such refunds as arise from errors or overcharges. On
296 or before the last day of the month next succeeding each quarterly
297 period, each such person shall render to the commissioner a return on
298 forms prescribed or furnished by the commissioner, signed by the
299 person performing the duties of treasurer or an authorized agent or
300 officer of the system operated by such person, which return shall
301 include information regarding the name and location within this state
302 of such system and the total amount of gross earnings derived from
303 such operations and such other facts as the commissioner may require
304 for the purpose of making any computation required by this chapter.
305 [This section shall not affect returns and taxes due on April 1, 2003,
306 under the provisions of this section prior to February 28, 2003. For any
307 tax due for the period September 1, 2003, to January 1, 2004, in the case
308 of any person operating a business that provides one-way transmission
309 to subscribers of video programming by satellite, said period shall be
310 treated as a quarterly period for purposes of this subsection.]

311 Sec. 10. Section 12-258 of the general statutes is repealed and the
312 following is substituted in lieu thereof (*Effective October 1, 2005, and*
313 *applicable to quarterly periods commencing on and after said date*):

314 (a) Each person included in section 12-256, as amended by this act,
315 shall be taxed upon the amount of the gross earnings in each [tax year
316 or] quarterly period [, as the case may be,] from the [lines, routes, or]
317 lines, facilities, apparatus and auxiliary equipment operated by it in
318 this state, or from the transmission of video programming by satellite
319 to this state, as the case may be, at the rates provided in this section.

320 (b) Gross earnings for any [tax year or] quarterly period, for the
321 purposes of assessment and taxation, shall be as follows: In the case of
322 a person carrying on the business wholly within the limits of this state,
323 the entire amount of the gross earnings subject to the tax imposed
324 under section 12-256, as amended by this act; in the case of a person
325 also carrying on the business outside of this state, a portion of the
326 entire amount of the gross earnings subject to the tax imposed under
327 section 12-256, as amended by this act, apportioned to this state as
328 follows: [In the case of a person carrying on an express business on
329 railroads, such portion of the gross earnings of such person from the
330 railway routes operated by it as is represented by the ratio of the total
331 number of miles of railway routes in this state which such person was
332 entitled to operate under contracts with railroad companies on the first
333 day and on the last day of such tax year to the total number of miles of
334 such railway routes within and without this state on said dates; in the
335 case of a person conducting telegraph or cable business, such portion
336 of the total gross earnings from the lines operated by it as is
337 represented by the ratio of the total number of miles of wires operated
338 by such person within this state on the first day and on the last day of
339 such tax year to the total number of miles of wires operated by such
340 person both within and without this state on said dates; in] In the case
341 of a person operating a community antenna television system, such
342 portion of the total gross earnings from the lines, facilities, apparatus
343 and auxiliary equipment operated by it as is represented by the total

344 number of miles of lines operated by such person within this state on
345 the first day and on the last day of such quarterly period to the total
346 number of miles of lines operated by such person both within and
347 without the state on said dates; and in the case of a person operating a
348 business that provides one-way transmission to subscribers of video
349 programming by satellite, such portion of the total gross earnings from
350 the transmission to subscribers in this state as is represented by the
351 total number of subscribers served by such person within this state on
352 the first day and on the last day of such quarterly period to the total
353 number of subscribers served by such person both within and without
354 the state on said dates.

355 (c) The rates of tax on the gross earnings as determined in this
356 section shall be as follows: (1) [Persons carrying on an express
357 business, two per cent of such gross earnings; (2) persons conducting a
358 telegraph or cable business, four and one-half per cent of such gross
359 earnings; (3) persons] Persons operating a community antenna
360 television system, [and persons operating a business that provides one-
361 way transmission to subscribers of video programming by satellite,]
362 five per cent of such gross earnings, reduced by any assessments made
363 pursuant to section 16-49 which are attributable to the year in which
364 such tax is assessed, and (2) persons operating a business that provides
365 one-way transmission to subscribers of video programming by
366 satellite, five per cent of such gross earnings.

367 Sec. 11. Section 12-268a of the general statutes is repealed and the
368 following is substituted in lieu thereof (*Effective October 1, 2005*):

369 (a) If the method of apportionment provided for in section 12-251,
370 section 12-258, as amended by this act, or section 12-265 unfairly
371 attributes to this state an undue proportion of its business activity, a
372 company or municipal utility may submit a petition, in writing, to the
373 Commissioner of Revenue Services for approval of an alternate
374 method of apportionment [by filing with its return to the
375 commissioner a statement of] not later than the due date of its return,

376 stating its objections and [of] such proposed other method of
377 apportionment as it believes proper and equitable under the
378 circumstances, accompanied by supporting details and proofs. The
379 commissioner, within a reasonable time thereafter, shall notify the
380 company or municipal utility whether the proposed method is
381 accepted as reasonable and equitable and, if so accepted, shall adjust
382 the return and tax accordingly.

383 (b) With respect to any company or municipal utility included in
384 section 12-249, [section] 12-256, as amended by this act, or [section] 12-
385 264, the commissioner, at any time within three years after the filing by
386 it of a return based on the method of apportionment provided for in
387 section 12-249, section 12-258, as amended by this act, or section 12-
388 265, may change such method if, in [his] such commissioner's opinion,
389 such method has operated or will operate so as to subject the company
390 or municipal utility to taxation on a lesser portion of its business
391 activity than is properly and equitably attributable to this state, and
392 shall thereupon proceed to assess and collect taxes in accordance with
393 such method as so changed by [him] such commissioner.

394 Sec. 12. Section 12-284b of the general statutes is repealed and the
395 following is substituted in lieu thereof (*Effective from passage*):

396 (a) As used in this section:

397 (1) "S corporation" means any corporation which is an S corporation
398 for federal income tax purposes and which is [required to file an
399 annual report with the Secretary of the State as provided in section 33-
400 617] either (A) a domestic S corporation, or (B) a foreign S corporation
401 that is required to obtain a certificate of authority from the Secretary of
402 the State before transacting business in this state, whether or not it has
403 obtained such a certificate;

404 (2) ["limited] Limited liability company [or "LLC"] means any
405 limited liability company which is, for federal income tax purposes,
406 either treated as a partnership, if it has two or more members, or

407 disregarded as an entity separate from its owner, if it has a single
408 member, and which is [required to file an annual report with the
409 Secretary of the State as provided in section 34-112] either (A) a
410 domestic limited liability company, or (B) a foreign limited liability
411 company that is required to register with the Secretary of the State
412 before transacting business in this state, whether or not it has so
413 registered;

414 (3) ["limited] "Limited liability partnership" [or "LLP"] means any
415 limited liability partnership which is [required to file an annual report
416 with the Secretary of the State as provided in section 34-413] either (A)
417 a domestic limited liability partnership, or (B) a foreign limited liability
418 partnership that is required to file a certificate of authority with the
419 Secretary of the State before transacting business in this state, whether
420 or not it has filed such certificate;

421 (4) ["limited] "Limited partnership" [or "LP"] means any limited
422 partnership which is [required to file an annual report with the
423 Secretary of the State as provided in section 34-38n] either (A) a
424 domestic limited partnership, or (B) a foreign limited partnership that
425 is required under chapter 610 to register with the Secretary of the State
426 before transacting business in this state, whether or not it has so
427 registered; [and]

428 (5) ["taxable] "Taxable year" means taxable year, for federal income
429 tax purposes;

430 (6) "Affected business entity" means any S corporation, limited
431 liability company, limited liability partnership or limited partnership,
432 as defined in this subsection;

433 (7) "Domestic S corporation", "domestic limited liability company",
434 "domestic limited liability partnership" or "domestic limited
435 partnership" means any such corporation, company or partnership that
436 is formed under the laws of this state;

437 (8) "Foreign S corporation", "foreign limited liability company",
438 "foreign limited liability partnership" or "foreign limited partnership"
439 means any such corporation, company or partnership that is not a
440 domestic corporation, company or partnership.

441 (b) Each limited liability company, limited liability partnership,
442 limited partnership and S corporation shall be liable for the tax
443 imposed by this section for each taxable year or portion thereof that
444 such company, partnership or corporation is an affected business
445 entity. Each affected business entity shall annually, on or before the
446 fifteenth day of the fourth month following the close of its taxable year,
447 pay to the Commissioner of Revenue Services a tax in the amount of
448 two hundred fifty dollars. [With respect to taxable years commencing
449 on or after January 1, 2003, and prior to January 1, 2004, any company
450 subject to the tax imposed in accordance with this subsection shall pay,
451 for each such taxable year, an additional tax in an amount equal to
452 twenty per cent of the tax imposed under this subsection for such
453 taxable year. The additional amount of tax for the taxable year
454 commencing on or after January 1, 2003, shall constitute a part of the
455 tax imposed by the provisions of this subsection and shall become due
456 and be paid, collected and enforced as provided by in this section.]

457 (c) Upon failure of any [such limited liability company, limited
458 liability partnership, limited partnership or S corporation] affected
459 business entity to pay the tax due under this section within thirty days
460 of the due date, the provisions of section 12-35 shall apply with respect
461 to the enforcement of this section and the collection of such tax. The
462 warrant therein provided for shall be signed by the commissioner or
463 an authorized agent of the commissioner. The amount of any such tax,
464 penalty and interest shall be a lien, from the thirty-first day of
465 December next preceding the due date of such tax until discharged by
466 payment, against all real estate of the taxpayer within the state, and a
467 certificate of such lien signed by the commissioner may be filed for
468 record in the office of the clerk of any town in which such real estate is
469 situated, provided no such lien shall be effective as against any bona

470 fide purchaser or qualified encumbrancer of any interest in any such
471 property. When any tax with respect to which a lien has been recorded
472 under the provisions of this section has been satisfied, the
473 commissioner, upon request of any interested party, shall issue a
474 certificate discharging such lien, which certificate shall be recorded in
475 the same office in which the lien was recorded. Any action for the
476 foreclosure of such lien shall be brought by the Attorney General in the
477 name of the state in the superior court for the judicial district in which
478 the property subject to such lien is situated, or, if such property is
479 located in two or more judicial districts, in the superior court for any
480 one such judicial district, and the court may limit the time for
481 redemption or order the sale of such property or make such other or
482 further decree as it judges equitable.

483 (d) If any [limited liability company, limited liability partnership,
484 limited partnership or S corporation] affected business entity fails to
485 pay the amount of tax reported to be due on such entity's return
486 within the time specified under the provisions of this section, there
487 shall be imposed a penalty of fifty dollars, which penalty shall be
488 payable to, and recoverable by, the commissioner in the same manner
489 as the tax imposed under this section. Subject to the provisions of
490 section 12-3a, the commissioner may waive all or part of the penalties
491 provided under this section when it is proven to the commissioner's
492 satisfaction that the failure to pay any tax was due to reasonable cause
493 and was not intentional or due to neglect.

494 (e) If any tax is not paid when due as provided in this section, there
495 shall be added to the amount of the tax interest at the rate of one per
496 cent per month or fraction thereof from the date the tax became due
497 until it is paid.

498 (f) If the commissioner is satisfied beyond a reasonable doubt that
499 the failure to file a return or to pay the tax was due to reasonable cause
500 and was not intentional or due to neglect, the commissioner may abate
501 or remit the whole or any part of any penalty under this section.

502 (g) The provisions of sections 12-548 to 12-554, inclusive, and section
503 12-555a shall apply to the provisions of this section in the same manner
504 and with the same force and effect as if the language of said sections
505 12-548 to 12-554, inclusive, and section 12-555a had been incorporated
506 in full into this section and had expressly referred to the tax under this
507 section, except to the extent that any such provision is inconsistent
508 with a provision of this section.

509 Sec. 13. Section 12-287 of the general statutes is repealed and the
510 following is substituted in lieu thereof (*Effective July 1, 2005*):

511 Each person engaging in, or intending to engage in, the business of
512 selling cigarettes in this state as a dealer shall secure a license from the
513 Commissioner of Revenue Services before engaging in such business
514 or continuing to engage therein. Subject to the provisions of section 12-
515 286, such license shall be renewable annually. The annual fee for a
516 dealer's license shall be twenty-five dollars. Such license shall be valid
517 for a period beginning with the date of license to the thirtieth day of
518 September next succeeding the date of license unless sooner revoked
519 as provided in section 12-295, or unless the person to whom it was
520 issued discontinues business, in either of which cases the holder of the
521 license shall immediately return it to the commissioner. In the event of
522 mutilation or destruction of such license, a duplicate copy, marked as
523 such, shall be issued by said commissioner upon application,
524 [accompanied by a fee of five dollars.]

525 Sec. 14. Subsection (b) of section 12-293a of the general statutes is
526 repealed and the following is substituted in lieu thereof (*Effective from*
527 *passage*):

528 (b) Each licensed distributor or dealer who owns or operates [more
529 than five] one or more cigarette vending machines shall file a report
530 with the Commissioner of Revenue Services, [on or before the fifteenth
531 day of each month, a report] at such time and in such form as the
532 commissioner may prescribe, [for the calendar month immediately
533 preceding, which report shall disclose the number of cigarette vending

534 machines owned, operated, acquired and disposed of by him, together
535 with such other information as the commissioner shall require. Each
536 licensed distributor or dealer who owns or operates not more than five
537 cigarette vending machines shall file such report with the
538 commissioner semiannually, at such time and in such form as the
539 commissioner may prescribe.]

540 Sec. 15. Section 12-330b of the general statutes is repealed and the
541 following is substituted in lieu thereof (*Effective October 1, 2005*):

542 [Each] Except as otherwise provided in section 12-330d, as amended
543 by this act, each distributor or unclassified importer shall obtain a
544 license issued by the commissioner before manufacturing, purchasing,
545 importing, receiving or acquiring any tobacco products in this state.
546 The commissioner may, in his discretion, refuse to issue a license if he
547 has reasonable ground to believe (1) that the applicant has wilfully
548 made any false statement of substance with respect to such application
549 for license, (2) that the applicant has neglected to pay any taxes due to
550 this state, or (3) that the applicant has been convicted of violating any
551 of the cigarette or other tobacco product tax laws of this or any other
552 state or the cigarette tax laws of the United States or has such a
553 criminal record that the commissioner reasonably believes that such
554 applicant is not a suitable person to be issued a license, provided no
555 refusal shall be rendered under this subdivision except in accordance
556 with the provisions of sections 46a-80 and 46a-81. The fee for a
557 distributor's license shall be one hundred dollars a year. There shall be
558 no fee for an unclassified importer's license. Each license so issued
559 shall be properly displayed on the premises covered by the license.
560 The commissioner shall prescribe the form of application for a
561 distributor's license and for an unclassified importer's license.

562 Sec. 16. Section 12-330d of the general statutes is repealed and the
563 following is substituted in lieu thereof (*Effective October 1, 2005*):

564 (a) [Each] Except as otherwise provided in subsection (b) of this
565 section, each licensed distributor and [each] licensed unclassified

566 importer shall file with the commissioner, on or before the twenty-fifth
567 day of each month, a report for the calendar month immediately
568 preceding in such form and containing such information as the
569 commissioner may prescribe. The return shall be accompanied by a
570 payment of the amount of the tax shown to be due thereon. [The
571 commissioner may, by regulations adopted in accordance with chapter
572 54, require that each distributor and unclassified importer report the
573 names and addresses of its customers, if any, annually, with changes in
574 such lists to be reported to the commissioner monthly not later than
575 the tenth day of each month.] If any person fails to pay the amount of
576 tax reported due on its report within the time specified under this
577 section, there shall be imposed a penalty equal to ten per cent of such
578 amount due and unpaid, or fifty dollars, whichever is greater. Such
579 amount shall bear interest at the rate of one per cent per month or
580 fraction thereof, from the due date of such tax until the date of
581 payment. Subject to the provisions of section 12-3a, the commissioner
582 may waive all or part of the penalties provided under this chapter
583 when it is proven to the commissioner's satisfaction that the failure to
584 pay any tax was due to reasonable cause and was not intentional or
585 due to neglect.

586 (b) Each licensed distributor who does not acquire untaxed tobacco
587 products shall file with the commissioner, on or before the twenty-fifth
588 day of each July, a report for the twelve-month period ending the June
589 thirtieth immediately preceding, in such form and containing such
590 information as the commissioner may prescribe, and bearing notice
591 that it shall be filed under penalty of false statement. Each distributor
592 required to file a report pursuant to this subsection shall maintain
593 records of (1) the persons from whom tobacco products were acquired
594 by the distributor, including the quantities and dates of such
595 acquisitions, (2) the persons to whom tobacco products were sold,
596 including the quantities and dates of such sales, and (3) any other
597 information deemed necessary by the commissioner. As used in this
598 subsection and subsection (c) of this section, "untaxed tobacco
599 products" means tobacco products other than taxed tobacco products,

600 and "taxed tobacco products" means tobacco products acquired from a
601 licensed distributor who is subject to the tax imposed on tobacco
602 products by this chapter.

603 (c) If, in the commissioner's discretion the enforcement of this
604 chapter would not be adversely affected, the commissioner may adopt
605 regulations, in accordance with the provisions of chapter 54, to (1)
606 exempt unclassified importers from the licensing requirements of
607 section 12-330b, as amended by this act, (2) exempt unclassified
608 importers from the monthly reporting requirements of this section,
609 and (3) require unclassified importers, not later than twenty-four hours
610 after acquiring untaxed tobacco products, to (A) file a report with the
611 commissioner in such form as the commissioner prescribes and
612 bearing notice that it shall be filed under penalty of false statement,
613 and (B) pay the amount of tax shown to be due on such untaxed
614 tobacco products.

615 Sec. 17. Subsection (b) of section 12-392 of the general statutes is
616 repealed and the following is substituted in lieu thereof (*Effective from*
617 *passage*):

618 (b) (1) The tax imposed by this chapter shall be reported on a tax
619 return which shall be filed on or before the date fixed for paying the
620 tax, determined without regard to any extension of time for paying the
621 tax. The commissioner shall design a form of return and forms for such
622 additional statements or schedules as he may require to be filed. Such
623 forms shall provide for the setting forth of such facts as the
624 commissioner deems necessary for the proper enforcement of this
625 chapter. He shall cause a supply of such forms to be printed and shall
626 furnish appropriate blank forms to each taxpayer upon application or
627 otherwise as he deems necessary. Failure to receive a form shall not
628 relieve any person from the obligation to file a return under the
629 provisions of this chapter. In any case in which the commissioner
630 believes that it would be advantageous to him in the administration of
631 the tax imposed by this chapter, the commissioner may require that a

632 true copy of the federal estate tax return made to the Internal Revenue
633 Service be provided.

634 (2) Any tax return or other document, including any amended tax
635 return [or affidavit] under section 12-398, that is required to be filed
636 under this chapter shall be filed, and shall be treated as filed, only if
637 filed with both the Commissioner of Revenue Services and the court of
638 probate for the district within which the decedent resided at the date
639 of his death or, if the decedent died a nonresident of this state, in the
640 court of probate for the district within which real estate or tangible
641 personal property of the decedent is situated. The return shall contain
642 a statement, to be signed under penalty of false statement by the
643 person who is required to make and file the return under this chapter,
644 that the return has been filed with both the Commissioner of Revenue
645 Services and said court of probate.

646 (3) A tax return shall be filed, in the case of every decedent who at
647 the time of death was (A) a resident of this state, or (B) a nonresident of
648 this state whose gross estate includes any real property situated in this
649 state or tangible personal property having an actual situs in this state,
650 whenever the personal representative of the estate is required by the
651 laws of the United States to file a federal estate tax return. The duly
652 authorized executor or administrator shall file the return. If there is
653 more than one executor or administrator, the return shall be made
654 jointly by all. If there is no executor or administrator appointed,
655 qualified and acting, each person in actual or constructive possession
656 of any property of the decedent is constituted an executor for purposes
657 of the tax and shall make and file a return. If in any case the executor is
658 unable to make a complete return as to any part of the gross estate, the
659 executor shall provide all the information available to him with respect
660 to such property, including a full description, and the name of every
661 person holding a legal or beneficial interest in the property. If the
662 executor is unable to make a return as to any property, each person
663 holding a legal or equitable interest in such property shall, upon notice
664 from the commissioner, make a return as to that part of the gross

665 estate.

666 (4) The Commissioner of Revenue Services may, for reasonable
667 cause shown, extend the time for filing the return.

668 (5) If any person required to make and file the tax return under this
669 chapter fails to file the return within the time prescribed, the
670 commissioner may assess and compute the tax upon the best
671 information obtainable. To the tax imposed upon the basis of such
672 return, there shall be added an amount equal to ten per cent of such
673 tax or fifty dollars, whichever is greater. The tax shall bear interest at
674 the rate of one per cent per month or fraction thereof, from the due
675 date of such tax until the date of payment.

676 (6) The commissioner shall provide notice of any (A) deficiency
677 assessment with respect to the payment of any tax under this chapter,
678 (B) assessment with respect to any failure to make and file a return
679 under this chapter by a person required to file, and (C) tax return or
680 other document, including any amended tax return [or affidavit] under
681 section 12-398 that is required to be filed under this chapter to the
682 court of probate for the district within which the commissioner
683 contends that the decedent resided at the date of his death or, if the
684 decedent died a nonresident of this state, to the court of probate for the
685 district within which the commissioner contends that real estate or
686 tangible personal property of the decedent is situated.

687 Sec. 18. Subsection (f) of section 12-436 of the general statutes is
688 repealed and the following is substituted in lieu thereof (*Effective from*
689 *passage*):

690 (f) Any distributor shipping any alcoholic beverages into any
691 military reservation located within the territorial boundaries of this
692 state shall, [file with the commissioner a duplicate] upon request by
693 the commissioner, provide such commissioner with a copy of the
694 invoice showing the quantities of alcoholic beverages shipped and the
695 classification thereof within the provisions of this chapter.

696 Sec. 19. Section 12-437 of the general statutes is repealed and the
697 following is substituted in lieu thereof (*Effective October 1, 2005*):

698 Each distributor shall, on or before the last day of each month, file
699 with the Commissioner of Revenue Services a return, [under oath,] on
700 forms to be prescribed and furnished by [him] such commissioner and
701 signed under penalty of false statement by its treasurer or an
702 authorized agent or officer, showing, for the preceding calendar month
703 or any portion thereof during which he was a distributor: (1) The total
704 number of gallons of each kind of alcoholic beverage set forth in
705 section 12-435 constituting the inventory of the distributor at the
706 beginning of such calendar month or portion thereof; (2) the total
707 number of gallons of each kind of such alcoholic beverage purchased
708 by the distributor during such calendar month or portion thereof; (3)
709 the total number of gallons of each kind of alcoholic beverage set forth
710 in section 12-435 constituting the inventory of the distributor at the end
711 of such calendar month or portion thereof; (4) the total number of
712 gallons of alcoholic beverages disposed of by the distributor during
713 such calendar month or portion thereof; (5) the total number of gallons
714 of each kind of such alcoholic beverage sold by the distributor during
715 such calendar month or portion thereof to another licensed distributor;
716 (6) the total number of gallons of each kind of such alcoholic beverage
717 sold by the distributor during such calendar month, or portion thereof,
718 which, in the course of the sale, was transported outside of the state;
719 (7) the amount of the tax payable for such calendar month or portion
720 thereof, as provided in this chapter; and (8) such additional
721 information as the commissioner requires for the proper
722 administration of this chapter. The Commissioner of Revenue Services
723 shall also prescribe and furnish a different type of form, to be used by
724 brewers and manufacturers, on which returns shall be made to the
725 Commissioner of Revenue Services on or before the last day of each
726 month for the preceding calendar month or any portion thereof during
727 which the taxpayer is engaged in business as a brewer or
728 manufacturer.

729 Sec. 20. Section 12-636 of the general statutes is repealed and the
730 following is substituted in lieu thereof (*Effective from passage and*
731 *applicable to taxable years commencing on or after January 1, 2005*):

732 The decision of the Commissioner of Revenue Services to approve
733 or disapprove a proposal pursuant to the provisions of section 12-632
734 shall be in writing, and, if he approves the proposal, he shall state the
735 maximum credit allowable to the business firm. [A copy of such
736 decision shall be attached to the tax return of the business firm upon
737 which the tax credit granted pursuant to this chapter is claimed.]

738 Sec. 21. Subsection (k) of section 32-9t of the general statutes is
739 repealed and the following is substituted in lieu thereof (*Effective from*
740 *passage and applicable to taxable years commencing on or after January 1,*
741 *2005*):

742 [(k) Each taxpayer claiming the credit allowed under this section
743 shall submit to the Commissioner of Revenue Services a copy of the
744 eligibility certificate issued under subsection (h) of this section with its
745 tax return for each taxable year for which a credit is claimed.]

746 (k) The commissioner shall provide a copy of the eligibility
747 certificate issued under subsection (h) of this section to the
748 Commissioner of Revenue Services, upon request.

749 Sec. 22. Subsection (h) of section 38a-88a of the general statutes is
750 repealed and the following is substituted in lieu thereof (*Effective from*
751 *passage and applicable to taxable years commencing on or after January 1,*
752 *2005*):

753 [(h) Each taxpayer claiming the credit allowed under this section
754 shall submit to the Commissioner of Revenue Services a copy of the
755 eligibility certificate and the certification required under subsection (g)
756 of this section with its tax return for each taxable year for which a
757 credit is claimed.]

758 (h) The commissioner shall provide a copy of the eligibility

759 certificate and the certification required under subsection (g) of this
760 section to the Commissioner of Revenue Services, upon request.

761 Sec. 23. (NEW) (*Effective October 1, 2005*) (a) As used in this section,
762 "electronic payment" means the use of electronic ordering or the use of
763 payment mechanisms via interactive electronic mechanisms, such as
764 the Internet, to effect remote payment for goods or services.

765 (b) The Commissioner of Motor Vehicles, the Commissioner of
766 Transportation and the Commissioner of Revenue Services shall allow
767 the payment of any fee for credentials for commercial motor vehicles,
768 as defined in section 14-1 of the general statutes, by means of an
769 electronic payment, shall not charge a service charge for any payment
770 made by electronic payment and shall accept as full payment of such
771 fee the amount of such fee plus any cost of the electronic payment. For
772 purposes of this section, "credentials for commercial motor vehicles"
773 includes any fees for registration, permits, fuel taxes, decals or any
774 other fee required to be paid for a commercial motor vehicle to operate
775 legally in this state.

776 Sec. 24. Section 12-426 of the general statutes is amended by adding
777 subdivision (7) as follows (*Effective October 1, 2005*):

778 (NEW) (7) (A) The commissioner shall ensure that any
779 governmental entity qualifying for exemption from the taxes imposed
780 by this chapter is provided with sufficient forms indicating such
781 exemption for such entity's use.

782 (B) When submission of forms indicating exemption from the taxes
783 imposed by this chapter is requested or required, the commissioner
784 shall accept such submission by means of facsimile machine.

785 Sec. 25. Section 12-39s of the general statutes is repealed. (*Effective*
786 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	10-228b(c)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	10-416(j)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-217e(f)
Sec. 4	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-217n(e) and (f)
Sec. 5	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-217p(d)
Sec. 6	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-217t(d)
Sec. 7	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-217u(j)
Sec. 8	<i>from passage and applicable to income years commencing on or after January 1, 2005</i>	12-221a(a)
Sec. 9	<i>October 1, 2005</i>	12-256
Sec. 10	<i>October 1, 2005, and applicable to quarterly periods commencing on and after said date</i>	12-258
Sec. 11	<i>October 1, 2005</i>	12-268a
Sec. 12	<i>from passage</i>	12-284b

Sec. 13	<i>July 1, 2005</i>	12-287
Sec. 14	<i>from passage</i>	12-293a(b)
Sec. 15	<i>October 1, 2005</i>	12-330b
Sec. 16	<i>October 1, 2005</i>	12-330d
Sec. 17	<i>from passage</i>	12-392(b)
Sec. 18	<i>from passage</i>	12-436(f)
Sec. 19	<i>October 1, 2005</i>	12-437
Sec. 20	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	12-636
Sec. 21	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	32-9t(k)
Sec. 22	<i>from passage and applicable to taxable years commencing on or after January 1, 2005</i>	38a-88a(h)
Sec. 23	<i>October 1, 2005</i>	New section
Sec. 24	<i>October 1, 2005</i>	12-426
Sec. 25	<i>from passage</i>	12-39s repealed

Statement of Purpose:

To eliminate the requirement that certain documents be attached to tax returns, to repeal the gross earnings tax on companies carrying on an express business on railroads, telegraph or undersea cable, to clarify the administration of the Business Entity Tax, to change reporting requirements for certain dealers in tobacco products, to eliminate the \$5 replacement fee for a cigarette dealer's license, to eliminate certain reports required from vending machine owners and to repeal section 12-39s of the general statutes, dealing with the cancellation of the unpaid portion of erroneously or illegally assessed 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.]