



General Assembly

Raised Bill No. 638

February Session, 2006

LCO No. 3064

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT ENABLING THE DEPARTMENT OF REVENUE SERVICES TO
PROCESS RETURNS MORE EFFICIENTLY.***

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2 repealed and the following is substituted in lieu thereof (*Effective from*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 *2006*):

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16 repealed and the following is substituted in lieu thereof (*Effective from*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 *2006*):

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28 repealed and the following is substituted in lieu thereof (*Effective from*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 *2006*):

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

38 Sec. 4. Subsections (e) and (f) of section 12-217n of the general
39 statutes are repealed and the following is substituted in lieu thereof
40 (*Effective from passage and applicable to income years commencing on or after*
41 *January 1, 2006*):

42 (e) In addition to the wage base test set forth in subsection (f) of this
43 section, any aerospace company or in the case of a combined return,
44 any combined group including an aerospace company, shall be subject
45 to this subsection for any income year commencing on or after January
46 1, 1993, and prior to January 1, 1996. For purposes of this subsection,

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

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

114 (f) The tentative credit allowable to the taxpayer, or in the case of a

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

149 historical Connecticut wage base shall be the Connecticut wage base
150 for the third full income year immediately preceding the current
151 income year; provided the historical Connecticut wage base for the
152 first three income years commencing on or after January 1, 1993, shall
153 be the Connecticut wage base for May 1993, converted to an annual
154 basis. The following shall not constitute a workforce reduction for any
155 income year: (A) A reduction of wages attributable to the transfer of
156 work done by a taxpayer, or in the case of a combined return, by the
157 combined group, in this state to a party in this state; (B) a reduction of
158 wages attributable to the transfer of work done by a taxpayer, or in the
159 case of a combined return, by the combined group, outside the United
160 States; or (C) a reduction in wages attributable to reductions in
161 volume, productivity improvements or the discontinuance of
162 operations due to obsolescence or the like. Solely for purposes of
163 determining whether the allowable credit is to be reduced under this
164 subsection for any income year, the Connecticut wages attributable to
165 any new jobs or jobs moved into this state by the taxpayer, or in the
166 case of a combined return, the combined group, during such income
167 year or subsequent to such income year but prior to the filing of the
168 return for such income year shall be an offset to any workforce
169 reduction of a taxpayer, or in the case of a combined return, the
170 combined group, for said income year. A new job shall be a job that
171 did not exist in the business of a taxpayer, or in the case of a combined
172 return, a member of the combined group, in this state at the end of the
173 income year just completed. Notwithstanding subsection (g) of this
174 section, a taxpayer may elect for any income year to separately
175 compute its allowable tentative credit under this subsection for any
176 one or more business units that had gross revenues for such income
177 year in excess of one hundred million dollars. Any taxpayer subject to
178 this subsection shall [within] not later than sixty days [of] after the
179 close of each income year certify to the commissioner whether or not
180 there has been any workforce reduction for the income year just
181 completed, the amount thereof, and any offsets thereto as provided
182 above. [Within] Not later than sixty days thereafter, the commissioner

183 shall review the certification and, if the commissioner determines that
184 there has been no more than a six per cent workforce reduction, net of
185 any such offsets, the commissioner shall issue a certificate of eligibility
186 stating the amount of net workforce reduction so determined for said
187 income year, if any. The commissioner shall not issue a certificate of
188 eligibility for any income year in which the commissioner determines
189 that there has been more than a six per cent net workforce reduction.
190 [The taxpayer, or in the case of a combined return, the combined
191 group, shall file such a certificate of eligibility with any return on
192 which a credit subject to this subsection is claimed.] The commissioner
193 shall, upon request, provide a copy of the certificate of eligibility to the
194 Commissioner of Revenue Services.

195 Sec. 5. Subsection (d) of section 12-217p of the general statutes is
196 repealed and the following is substituted in lieu thereof (*Effective from*
197 *passage and applicable to taxable years commencing on or after January 1,*
198 *2006*):

199 (d) [Any business firm claiming the credit allowed by this section
200 shall submit documentation to the Commissioner of Revenue Services
201 that the revolving loan fund complies with written procedures for
202 revolving loan funds established by the Connecticut Housing Finance
203 Authority under subsection (c) of this section.] The Connecticut
204 Housing Finance Authority shall, upon request, provide written
205 confirmation to the Commissioner of Revenue Services that an
206 employer revolving loan fund complies with the written procedures
207 established pursuant to subsection (c) of this section.

208 Sec. 6. Subsection (d) of section 12-217t of the general statutes is
209 repealed and the following is substituted in lieu thereof (*Effective from*
210 *passage and applicable to income years commencing on or after January 1,*
211 *2006*):

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

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

222 Sec. 7. Subsection (j) of section 12-217u of the general statutes is
223 repealed and the following is substituted in lieu thereof (*Effective from*
224 *passage and applicable to income years commencing on or after January 1,*
225 *2006*):

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

232 Sec. 8. Section 12-256 of the general statutes is repealed and the
233 following is substituted in lieu thereof (*Effective October 1, 2006, and*
234 *applicable to quarterly periods commencing on and after said date*):

235 [(a) Each person carrying on an express business on railroads, and
236 each person conducting a telegraph or cable business shall pay an
237 annual tax upon the gross earnings from (1) the routes in this state in
238 the case of any person carrying on such an express business, and (2)
239 the lines in this state in the case of any person conducting a telegraph
240 or cable business, provided in the case of a person conducting a
241 telegraph business the tax imposed under this section shall only be
242 applicable with respect to a person conducting such business, and the
243 services offered by such person, subject to tax under this section on
244 January 1, 1986. No deduction shall be allowed from such gross
245 earnings from operations for commissions, rebates or other payments,
246 except such refunds as arise from errors or overcharges. Each such

247 person shall, on or before April first, annually, render to the
248 Commissioner of Revenue Services a return signed by the treasurer, or
249 the person performing the duties of treasurer, or an authorized agent
250 or officer of the business or system operated by such person, on forms
251 prescribed or furnished by the commissioner specifying: The name and
252 location within this state of such business or system or, if it has no
253 location within this state, where such business or system is located; the
254 total amount of gross earnings subject to the tax imposed under this
255 section for the year ending the thirty-first day of December next
256 preceding or for each lesser period of consecutive time during such
257 year, each such year or period being in this chapter and chapter 212a
258 called a "tax year", in which business or operations were carried on in
259 this state; the total miles of railway routes which each of the persons
260 doing an express business was entitled to operate under contracts with
261 railroad companies and the number of miles of such railway routes
262 within this state on the first day and on the last day of the tax year; the
263 total miles of wires operated by each of the persons conducting a
264 telegraph or cable business and the total miles of such wires operated
265 within this state on the first day and on the last day of the tax year.]

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

270 (b) Each person operating a community antenna television system
271 under chapter 289 and each person operating a business that provides
272 one-way transmission to subscribers of video programming by satellite
273 shall pay a quarterly tax upon the gross earnings from (1) the lines,
274 facilities, apparatus and auxiliary equipment in this state used for
275 operating a community antenna television system, or (2) the
276 transmission to subscribers in this state of video programming by
277 satellite, as the case may be. No deduction shall be allowed from such
278 gross earnings for operations related to commissions, rebates or other
279 payments, except such refunds as arise from errors or overcharges. On

280 or before the last day of the month next succeeding each quarterly
281 period, each such person shall render to the commissioner a return on
282 forms prescribed or furnished by the commissioner, signed by the
283 person performing the duties of treasurer or an authorized agent or
284 officer of the system operated by such person, which return shall
285 include information regarding the name and location within this state
286 of such system and the total amount of gross earnings derived from
287 such operations and such other facts as the commissioner may require
288 for the purpose of making any computation required by this chapter.
289 [This section shall not affect returns and taxes due on April 1, 2003,
290 under the provisions of this section prior to February 28, 2003. For any
291 tax due for the period September 1, 2003, to January 1, 2004, in the case
292 of any person operating a business that provides one-way transmission
293 to subscribers of video programming by satellite, said period shall be
294 treated as a quarterly period for purposes of this subsection.]

295 Sec. 9. Section 12-258 of the general statutes is repealed and the
296 following is substituted in lieu thereof (*Effective October 1, 2006, and*
297 *applicable to quarterly periods commencing on and after said date*):

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

305 (b) Gross earnings for any [tax year or] quarterly period, for the
306 purposes of assessment and taxation, shall be as follows: In the case of
307 a person carrying on the business wholly within the limits of this state,
308 the entire amount of the gross earnings subject to the tax imposed
309 under section 12-256, as amended by this act; in the case of a person
310 also carrying on the business outside of this state, a portion of the
311 entire amount of the gross earnings subject to the tax imposed under

312 section 12-256, as amended by this act, apportioned to this state as
313 follows: [In the case of a person carrying on an express business on
314 railroads, such portion of the gross earnings of such person from the
315 railway routes operated by it as is represented by the ratio of the total
316 number of miles of railway routes in this state which such person was
317 entitled to operate under contracts with railroad companies on the first
318 day and on the last day of such tax year to the total number of miles of
319 such railway routes within and without this state on said dates; in the
320 case of a person conducting telegraph or cable business, such portion
321 of the total gross earnings from the lines operated by it as is
322 represented by the ratio of the total number of miles of wires operated
323 by such person within this state on the first day and on the last day of
324 such tax year to the total number of miles of wires operated by such
325 person both within and without this state on said dates; in] (1) In the
326 case of a person operating a community antenna television system,
327 such portion of the total gross earnings from the lines, facilities,
328 apparatus and auxiliary equipment operated by it as is represented by
329 the total number of miles of lines operated by such person within this
330 state on the first day and on the last day of such quarterly period to the
331 total number of miles of lines operated by such person both within and
332 without the state on said dates; and (2) in the case of a person
333 operating a business that provides one-way transmission to
334 subscribers of video programming by satellite, such portion of the total
335 gross earnings from the transmission to subscribers in this state as is
336 represented by the total number of subscribers served by such person
337 within this state on the first day and on the last day of such quarterly
338 period to the total number of subscribers served by such person both
339 within and without the state on said dates.

340 (c) The rates of tax on the gross earnings as determined in this
341 section shall be as follows: (1) Persons [carrying on an express
342 business, two per cent of such gross earnings; (2) persons conducting a
343 telegraph or cable business, four and one-half per cent of such gross
344 earnings; (3) persons] operating a community antenna television
345 system, [and persons operating a business that provides one-way

346 transmission to subscribers of video programming by satellite,] five
347 per cent of such gross earnings, reduced by any assessments made
348 pursuant to section 16-49 which are attributable to the year in which
349 such tax is assessed; and (2) persons operating a business that provides
350 one-way transmission to subscribers of video programming by
351 satellite, five per cent of such gross earnings.

352 Sec. 10. Section 12-284b of the general statutes is repealed and the
353 following is substituted in lieu thereof (*Effective from passage*):

354 (a) As used in this section:

355 (1) "S corporation" means any corporation which is an S corporation
356 for federal income tax purposes and which is [required to file an
357 annual report with the Secretary of the State as provided in section 33-
358 617] either (A) a domestic S corporation, or (B) a foreign S corporation
359 that is required to obtain a certificate of authority from the Secretary of
360 the State before transacting business in this state, whether or not it has
361 obtained such a certificate;

362 (2) ["limited liability company" or "LLC"] "Limited liability
363 company" means any limited liability company which is, for federal
364 income tax purposes, either treated as a partnership, if it has two or
365 more members, or disregarded as an entity separate from its owner, if
366 it has a single member, and which is [required to file an annual report
367 with the Secretary of the State as provided in section 34-112] either (A)
368 a domestic limited liability company, or (B) a foreign limited liability
369 company that is required to register with the Secretary of the State
370 before transacting business in this state, whether or not it has so
371 registered;

372 (3) ["limited liability partnership" or "LLP"] "Limited liability
373 partnership" means any limited liability partnership which is [required
374 to file an annual report with the Secretary of the State as provided in
375 section 34-413] either (A) a domestic limited liability partnership, or (B)
376 a foreign limited liability partnership that is required to file a

377 certificate of authority with the Secretary of the State before transacting
378 business in this state, whether or not it has filed such certificate;

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

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

388 (6) "Affected business entity" means any S corporation, limited
389 liability company, limited liability partnership or limited partnership;

390 (7) "Domestic S corporation", "domestic limited liability company",
391 "domestic limited liability partnership" or "domestic limited
392 partnership" means any such corporation, company or partnership that
393 is formed under the laws of this state; and

394 (8) "Foreign S corporation", "foreign limited liability company",
395 "foreign limited liability partnership" or "foreign limited partnership"
396 means any such corporation, company or partnership that is not a
397 domestic corporation, company or partnership.

398 (b) Each limited liability company, limited liability partnership,
399 limited partnership and S corporation shall be liable for the tax
400 imposed by this section for each taxable year or portion thereof that
401 such company, partnership or corporation is an affected business
402 entity. Each affected business entity shall annually, on or before the
403 fifteenth day of the fourth month following the close of its taxable year,
404 pay to the Commissioner of Revenue Services a tax in the amount of
405 two hundred fifty dollars. [With respect to taxable years commencing
406 on or after January 1, 2003, and prior to January 1, 2004, any company

407 subject to the tax imposed in accordance with this subsection shall pay,
408 for each such taxable year, an additional tax in an amount equal to
409 twenty per cent of the tax imposed under this subsection for such
410 taxable year. The additional amount of tax for the taxable year
411 commencing on or after January 1, 2003, shall constitute a part of the
412 tax imposed by the provisions of this subsection and shall become due
413 and be paid, collected and enforced as provided by in this section.]

414 (c) Upon failure of any [such limited liability company, limited
415 liability partnership, limited partnership or S corporation] affected
416 business entity to pay the tax due under this section within thirty days
417 of the due date, the provisions of section 12-35 shall apply with respect
418 to the enforcement of this section and the collection of such tax. The
419 warrant therein provided for shall be signed by the commissioner or
420 an authorized agent of the commissioner. The amount of any such tax,
421 penalty and interest shall be a lien, from the thirty-first day of
422 December next preceding the due date of such tax until discharged by
423 payment, against all real estate of the taxpayer within the state, and a
424 certificate of such lien signed by the commissioner may be filed for
425 record in the office of the clerk of any town in which such real estate is
426 situated, provided no such lien shall be effective as against any bona
427 fide purchaser or qualified encumbrancer of any interest in any such
428 property. When any tax with respect to which a lien has been recorded
429 under the provisions of this section has been satisfied, the
430 commissioner, upon request of any interested party, shall issue a
431 certificate discharging such lien, which certificate shall be recorded in
432 the same office in which the lien was recorded. Any action for the
433 foreclosure of such lien shall be brought by the Attorney General in the
434 name of the state in the superior court for the judicial district in which
435 the property subject to such lien is situated, or, if such property is
436 located in two or more judicial districts, in the superior court for any
437 one such judicial district, and the court may limit the time for
438 redemption or order the sale of such property or make such other or
439 further decree as it judges equitable.

440 (d) If any [limited liability company, limited liability partnership,
441 limited partnership or S corporation] affected business entity fails to
442 pay the amount of tax reported to be due on such entity's return
443 within the time specified under the provisions of this section, there
444 shall be imposed a penalty of fifty dollars, which penalty shall be
445 payable to, and recoverable by, the commissioner in the same manner
446 as the tax imposed under this section. Subject to the provisions of
447 section 12-3a, the commissioner may waive all or part of the penalties
448 provided under this section when it is proven to the commissioner's
449 satisfaction that the failure to pay any tax was due to reasonable cause
450 and was not intentional or due to neglect.

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

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

459 (g) The provisions of sections 12-548 to 12-554, inclusive, and section
460 12-555a shall apply to the provisions of this section in the same manner
461 and with the same force and effect as if the language of said sections
462 12-548 to 12-554, inclusive, and section 12-555a had been incorporated
463 in full into this section and had expressly referred to the tax under this
464 section, except to the extent that any such provision is inconsistent
465 with a provision of this section.

466 Sec. 11. Subdivision (2) of subsection (b) of section 12-392 of the 2006
467 supplement to the general statutes is repealed and the following is
468 substituted in lieu thereof (*Effective from passage*):

469 (2) Any tax return or other document, including any amended tax
470 return [or affidavit] under section 12-398, as amended, that is required

471 to be filed under this chapter shall be filed, and shall be treated as
472 filed, only if filed with both the Commissioner of Revenue Services
473 and the court of probate for the district within which the decedent
474 resided at the date of his death or, if the decedent died a nonresident of
475 this state, in the court of probate for the district within which real
476 estate or tangible personal property of the decedent is situated. The
477 return shall contain a statement, to be signed under penalty of false
478 statement by the person who is required to make and file the return
479 under this chapter, that the return has been filed with both the
480 Commissioner of Revenue Services and said court of probate.

481 Sec. 12. Subdivision (6) of subsection (b) of section 12-392 of the 2006
482 supplement to the general statutes is repealed and the following is
483 substituted in lieu thereof (*Effective from passage*):

484 (6) The commissioner shall provide notice of any (A) deficiency
485 assessment with respect to the payment of any tax under this chapter,
486 (B) assessment with respect to any failure to make and file a return
487 under this chapter by a person required to file, and (C) tax return or
488 other document, including any amended tax return [or affidavit] under
489 section 12-398, as amended, that is required to be filed under this
490 chapter to the court of probate for the district within which the
491 commissioner contends that the decedent resided at the date of his
492 death or, if the decedent died a nonresident of this state, to the court of
493 probate for the district within which the commissioner contends that
494 real estate or tangible personal property of the decedent is situated.

495 Sec. 13. Subsection (f) of section 12-436 of the 2006 supplement to
496 the general statutes is repealed and the following is substituted in lieu
497 thereof (*Effective from passage*):

498 (f) Any distributor shipping any alcoholic beverages into any
499 military reservation located within the territorial boundaries of this
500 state shall, [file with the commissioner a duplicate] upon request by
501 the commissioner, provide such commissioner with a copy of the
502 invoice showing the quantities of alcoholic beverages shipped and the

503 classification thereof within the provisions of this chapter.

504 Sec. 14. Section 12-437 of the general statutes is repealed and the
505 following is substituted in lieu thereof (*Effective October 1, 2006, and*
506 *applicable to returns for calendar months commencing on or after said date*):

507 Each distributor shall, on or before the last day of each month, file
508 with the Commissioner of Revenue Services a return [under oath], on
509 forms to be prescribed and furnished by [him] such commissioner and
510 signed under penalty of false statement by its treasurer or an
511 authorized agent or officer, showing, for the preceding calendar month
512 or any portion thereof during which [he] such taxpayer was a
513 distributor: (1) The total number of gallons of each kind of alcoholic
514 beverage set forth in section 12-435 constituting the inventory of the
515 distributor at the beginning of such calendar month or portion thereof;
516 (2) the total number of gallons of each kind of such alcoholic beverage
517 purchased by the distributor during such calendar month or portion
518 thereof; (3) the total number of gallons of each kind of alcoholic
519 beverage set forth in section 12-435 constituting the inventory of the
520 distributor at the end of such calendar month or portion thereof; (4) the
521 total number of gallons of alcoholic beverages disposed of by the
522 distributor during such calendar month or portion thereof; (5) the total
523 number of gallons of each kind of such alcoholic beverage sold by the
524 distributor during such calendar month or portion thereof to another
525 licensed distributor; (6) the total number of gallons of each kind of
526 such alcoholic beverage sold by the distributor during such calendar
527 month, or portion thereof, which, in the course of the sale, was
528 transported outside of the state; (7) the amount of the tax payable for
529 such calendar month or portion thereof, as provided in this chapter;
530 and (8) such additional information as the commissioner requires for
531 the proper administration of this chapter. The Commissioner of
532 Revenue Services shall also prescribe and furnish a different type of
533 form, to be used by brewers and manufacturers, on which returns shall
534 be made to the Commissioner of Revenue Services on or before the last
535 day of each month for the preceding calendar month or any portion

536 thereof during which the taxpayer is engaged in business as a brewer
537 or manufacturer.

538 Sec. 15. Section 12-636 of the general statutes is repealed and the
539 following is substituted in lieu thereof (*Effective from passage*):

540 The decision of the Commissioner of Revenue Services to approve
541 or disapprove a proposal pursuant to the provisions of section 12-632
542 shall be in writing, and, if [he] said commissioner approves the
543 proposal, [he] said commissioner shall state the maximum credit
544 allowable to the business firm. [A copy of such decision shall be
545 attached to the tax return of the business firm upon which the tax
546 credit granted pursuant to this chapter is claimed.]

547 Sec. 16. Subsection (k) of section 32-9t of the 2006 supplement to the
548 general statutes is repealed and the following is substituted in lieu
549 thereof (*Effective from passage*):

550 (k) [Each taxpayer claiming the credit allowed under this section
551 shall submit to the Commissioner of Revenue Services a copy of the
552 eligibility certificate issued under subsection (h) of this section with its
553 tax return for each taxable year for which a credit is claimed.] The
554 commissioner shall, upon request, provide a copy of the eligibility
555 certificate issued under subsection (h) of this section to the
556 Commissioner of Revenue Services.

557 Sec. 17. Subsection (h) of section 38a-88a of the general statutes is
558 repealed and the following is substituted in lieu thereof (*Effective from*
559 *passage*):

560 (h) [Each taxpayer claiming the credit allowed under this section
561 shall submit to the Commissioner of Revenue Services a copy of the
562 eligibility certificate and the certification required under subsection (g)
563 of this section with its tax return for each taxable year for which a
564 credit is claimed.] The commissioner shall, upon request, provide a
565 copy of the eligibility certificate and the certification required under

566 subsection (g) of this section to the Commissioner of Revenue Services.

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, 2006</i>	10-228b(c)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2006</i>	10-416(j)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2006</i>	12-217e(f)
Sec. 4	<i>from passage and applicable to income years commencing on or after January 1, 2006</i>	12-217n(e) and (f)
Sec. 5	<i>from passage and applicable to taxable years commencing on or after January 1, 2006</i>	12-217p(d)
Sec. 6	<i>from passage and applicable to income years commencing on or after January 1, 2006</i>	12-217t(d)
Sec. 7	<i>from passage and applicable to income years commencing on or after January 1, 2006</i>	12-217u(j)
Sec. 8	<i>October 1, 2006, and applicable to quarterly periods commencing on and after said date</i>	12-256
Sec. 9	<i>October 1, 2006, and applicable to quarterly periods commencing on and after said date</i>	12-258
Sec. 10	<i>from passage</i>	12-284b

Sec. 11	<i>from passage</i>	12-392(b)(2)
Sec. 12	<i>from passage</i>	12-392(b)(6)
Sec. 13	<i>from passage</i>	12-436(f)
Sec. 14	<i>October 1, 2006, and applicable to returns for calendar months commencing on or after said date</i>	12-437
Sec. 15	<i>from passage</i>	12-636
Sec. 16	<i>from passage</i>	32-9t(k)
Sec. 17	<i>from passage</i>	38a-88a(h)

Statement of Purpose:

To (1) eliminate requiring a taxpayer to file either an approval letter or certificate when claiming a credit on a tax return, (2) repeal the gross earnings tax on the express telegraph business, and (3) clarify the current administration of the Business Entity Tax.

[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.]