General Assembly **Amendment**

February Session, 2006 LCO No. **4584**

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Offered by:
REP. WARD, 86th Dist.
REP. CAFERO, 142nd Dist.
REP. POWERS, 151st Dist.

To: Senate Bill No. **702** File No. Cal. No.

(As Amended)

"AN ACT CONCERNING JOBS FOR THE TWENTY-FIRST CENTURY."

After the last section, add the following and renumber sections and internal references accordingly:

"Sec. 501. Section 12-219 of the 2006 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2006, and applicable to income years commencing on or after January 1, 2006*):

(a) (1) Each company subject to the provisions of this part shall pay for the privilege of carrying on or doing business within the state, the larger of the tax, if any, imposed by section 12-214<u>, as amended,</u> and the tax calculated under this subsection. The tax calculated under this section shall be a tax of three and one-tenth mills per dollar for each

12 income year of the amount derived (A) by adding (i) the average value
13 of the issued and outstanding capital stock, including treasury stock at
14 par or face value, fractional shares, scrip certificates convertible into
15 shares of stock and amounts received on subscriptions to capital stock,
16 computed on the balances at the beginning and end of the taxable year
17 or period, the average value of surplus and undivided profit computed
18 on the balances at the beginning and end of the taxable year or period,
19 and (ii) the average value of all surplus reserves computed on the
20 balances at the beginning and end of the taxable year or period, (B) by
21 subtracting from the sum so calculated (i) the average value of any
22 deficit carried on the balance sheet computed on the balances at the
23 beginning and end of the taxable year or period, and (ii) the average
24 value of any holdings of stock of private corporations including
25 treasury stock shown on the balance sheet computed on the balances at
26 the beginning and end of the taxable year or period, and (C) by
27 apportioning the remainder so derived between this and other states
28 under the provisions of section 12-219a, provided in no event shall the
29 tax so calculated exceed one million dollars. **[**or be less than two
30 hundred fifty dollars.**]**

31 (2) For purposes of this subsection, in the case of a new domestic
32 company, the balances at the beginning of its first fiscal year or period
33 shall be the balances immediately after its organization or immediately
34 after it commences business operations, whichever is earlier; and in the
35 case of a foreign company, the balances at the beginning of its first
36 fiscal year or period in which it becomes liable for the filing of a return
37 in this state shall be the balances as established at the beginning of the
38 fiscal year or period for tax purposes. In the case of a domestic
39 company dissolving or limiting its existence, the balances at the end of
40 the fiscal year or period shall be the balances immediately prior to the
41 final distribution of all its assets; and in the case of a foreign company
42 filing a certificate of withdrawal, the balances at the end of the fiscal
43 year or period shall be the balances immediately prior to the
44 withdrawal of all of its assets. When a taxpayer has carried on or had
45 the right to carry on business within the state for eleven months or less

46 of the income year, the tax calculated under this subsection shall be
47 reduced in proportion to the fractional part of the year during which
48 business was carried on by such taxpayer. **[**The tax calculated under
49 this subsection shall, in no case, be less than two hundred fifty dollars
50 for each income year.**]** The taxpayer shall report the items set forth in
51 this subsection at the amounts at which such items appear upon its
52 books; provided, when, in the opinion of the Commissioner of
53 Revenue Services, the books of the taxpayer do not disclose a
54 reasonable valuation of such items, the commissioner may require any
55 additional information which may be necessary for a reasonable
56 determination of the tax calculated under this subsection and shall, on
57 the basis of the best information available, calculate such tax and notify
58 the taxpayer thereof.

59 **[**(3) No tax credit allowed against the tax imposed by this chapter
60 shall reduce a company's tax calculated under this subsection to an
61 amount less than two hundred fifty dollars.**]**

62 (b) (1) With respect to income years commencing on or after January
63 1, 1989, and prior to January 1, 1992, the additional tax imposed on any
64 company and calculated in accordance with subsection (a) of this
65 section shall, for each such income year, **[**except when the tax so
66 calculated is equal to two hundred fifty dollars,**]** be increased by
67 adding thereto an amount equal to twenty per cent of the additional
68 tax so calculated for such income year, without reduction of the
69 additional tax so calculated by the amount of any credit against such
70 tax. The increased amount of tax payable by any company under this
71 section, as determined in accordance with this subsection, shall
72 become due and be paid, collected and enforced as provided in this
73 chapter.

74 (2) With respect to income years commencing on or after January 1,
75 1992, and prior to January 1, 1993, the additional tax imposed on any
76 company and calculated in accordance with subsection (a) of this
77 section shall, for each such income year, except when the tax so
78 calculated is equal to two hundred fifty dollars, be increased by adding

79 thereto an amount equal to ten per cent of the additional tax so
80 calculated for such income year, without reduction of the tax so
81 calculated by the amount of any credit against such tax. The increased
82 amount of tax payable by any company under this section, as
83 determined in accordance with this subsection, shall become due and
84 be paid, collected and enforced as provided in this chapter.

85 (3) With respect to income years commencing on or after January 1,
86 2003, and prior to January 1, 2004, the additional tax imposed on any
87 company and calculated in accordance with subsection (a) of this
88 section shall, for each such income year, be increased by adding
89 thereto an amount equal to twenty per cent of the additional tax so
90 calculated for such income year, without reduction of the tax so
91 calculated by the amount of any credit against such tax. The increased
92 amount of tax payable by any company under this section, as
93 determined in accordance with this subsection, shall become due and
94 be paid, collected and enforced as provided in this chapter.

95 (4) With respect to income years commencing on or after January 1,
96 2004, and prior to January 1, 2005, the additional tax imposed on any
97 company and calculated in accordance with subsection (a) of this
98 section shall, for each such income year, be increased by adding
99 thereto an amount equal to twenty-five per cent of the additional tax so
100 calculated for such income year, without reduction of the tax so
101 calculated by the amount of any credit against such tax, except that
102 any company that pays the minimum tax of two hundred fifty dollars
103 under this section or section 12-223c for such income year shall not be
104 subject to such additional tax. The increased amount of tax payable by
105 any company under this subdivision, as determined in accordance
106 with this subsection, shall become due and be paid, collected and
107 enforced as provided in this chapter.

108 (5) With respect to income years commencing on or after January 1,
109 2006, and prior to January 1, 2007, the additional tax imposed on any
110 company and calculated in accordance with subsection (a) of this
111 section shall, for each such income year, **[**except when the tax so

112 calculated is equal to two hundred fifty dollars,] be increased by
113 adding thereto an amount equal to twenty per cent of the additional
114 tax so calculated for such income year, without reduction of the tax so
115 calculated by the amount of any credit against such tax. The increased
116 amount of tax payable by any company under this section, as
117 determined in accordance with this subsection, shall become due and
118 be paid, collected and enforced as provided in this chapter.

119 (6) With respect to income years commencing on or after January 1,
120 2007, and prior to January 1, 2008, the additional tax imposed on any
121 company and calculated in accordance with subsection (a) of this
122 section shall, for each such income year, [except when the tax so
123 calculated is equal to two hundred fifty dollars,] be increased by
124 adding thereto an amount equal to fifteen per cent of the additional tax
125 so calculated for such income year, without reduction of the tax so
126 calculated by the amount of any credit against such tax. The increased
127 amount of tax payable by any company under this section, as
128 determined in accordance with this subsection, shall become due and
129 be paid, collected and enforced as provided in this chapter.

130 (c) The tax imposed by this section shall be assessed and collected
131 and be first applicable at the time or times herein provided for the tax
132 measured by net income. This section shall not apply to insurance
133 companies, real estate investment trusts, regulated investment
134 companies, interlocal risk management agencies formed pursuant to
135 chapter 113a or, except as otherwise provided by subsection (d) of this
136 section, financial service companies, as defined in section 12-218b.

137 (d) Each financial service company, as defined in section 12-218b,
138 shall pay for the privilege of carrying on or doing business within the
139 state, the larger of the tax, if any, imposed by section 12-214<u>, as</u>
140 <u>amended,</u> and the tax calculated under this subsection. For each such
141 financial service company, the tax calculated under this subsection
142 shall be two hundred fifty dollars for each income year. [No tax credit
143 allowed against the tax imposed by this chapter shall reduce a
144 financial service company's tax calculated under this subsection to an

145 amount less than two hundred fifty dollars.**]**

146 Sec. 502. Subsection (b) of section 12-214 of the 2006 supplement to
147 the general statutes is repealed and the following is substituted in lieu
148 thereof (*Effective July 1, 2006, and applicable to income years commencing*
149 *on or after January 1, 2006*):

150 (b) (1) With respect to income years commencing on or after January
151 1, 1989, and prior to January 1, 1992, any company subject to the tax
152 imposed in accordance with subsection (a) of this section shall pay, for
153 each such income year, an additional tax in an amount equal to twenty
154 per cent of the tax calculated under said subsection (a) for such income
155 year, without reduction of the tax so calculated by the amount of any
156 credit against such tax. The additional amount of tax determined
157 under this subsection for any income year shall constitute a part of the
158 tax imposed by the provisions of said subsection (a) and shall become
159 due and be paid, collected and enforced as provided in this chapter.

160 (2) With respect to income years commencing on or after January 1,
161 1992, and prior to January 1, 1993, any company subject to the tax
162 imposed in accordance with subsection (a) of this section shall pay, for
163 each such income year, an additional tax in an amount equal to ten per
164 cent of the tax calculated under said subsection (a) for such income
165 year, without reduction of the tax so calculated by the amount of any
166 credit against such tax. The additional amount of tax determined
167 under this subsection for any income year shall constitute a part of the
168 tax imposed by the provisions of said subsection (a) and shall become
169 due and be paid, collected and enforced as provided in this chapter.

170 (3) With respect to income years commencing on or after January 1,
171 2003, and prior to January 1, 2004, any company subject to the tax
172 imposed in accordance with subsection (a) of this section shall pay, for
173 each such income year, an additional tax in an amount equal to twenty
174 per cent of the tax calculated under said subsection (a) for such income
175 year, without reduction of the tax so calculated by the amount of any
176 credit against such tax. The additional amount of tax determined

177 under this subsection for any income year shall constitute a part of the
178 tax imposed by the provisions of said subsection (a) and shall become
179 due and be paid, collected and enforced as provided in this chapter.

180 (4) With respect to income years commencing on or after January 1,
181 2004, and prior to January 1, 2005, any company subject to the tax
182 imposed in accordance with subsection (a) of this section shall pay, for
183 each such income year, an additional tax in an amount equal to
184 twenty-five per cent of the tax calculated under said subsection (a) for
185 such income year, without reduction of the tax so calculated by the
186 amount of any credit against such tax, except that any company that
187 pays the minimum tax of two hundred fifty dollars under section 12-
188 219, as amended, or 12-223c for such income year shall not be subject
189 to the additional tax imposed by this subdivision. The additional
190 amount of tax determined under this subdivision for any income year
191 shall constitute a part of the tax imposed by the provisions of said
192 subsection (a) and shall become due and be paid, collected and
193 enforced as provided in this chapter.

194 (5) With respect to income years commencing on or after January 1,
195 2006, and prior to January 1, 2007, any company subject to the tax
196 imposed in accordance with subsection (a) of this section shall pay,
197 **[**except when the tax so calculated is equal to two hundred fifty
198 dollars,**]** for each such income year, an additional tax in an amount
199 equal to twenty per cent of the tax calculated under said subsection (a)
200 for such income year, without reduction of the tax so calculated by the
201 amount of any credit against such tax. The additional amount of tax
202 determined under this subsection for any income year shall constitute
203 a part of the tax imposed by the provisions of said subsection (a) and
204 shall become due and be paid, collected and enforced as provided in
205 this chapter.

206 (6) With respect to income years commencing on or after January 1,
207 2007, and prior to January 1, 2008, any company subject to the tax
208 imposed in accordance with subsection (a) of this section shall pay,
209 **[**except when the tax so calculated is equal to two hundred fifty

210 dollars,**]** for each such income year, an additional tax in an amount
211 equal to fifteen per cent of the tax calculated under said subsection (a)
212 for such income year, without reduction of the tax so calculated by the
213 amount of any credit against such tax. The additional amount of tax
214 determined under this subsection for any income year shall constitute
215 a part of the tax imposed by the provisions of said subsection (a) and
216 shall become due and be paid, collected and enforced as provided in
217 this chapter.

218 Sec. 503. Subsection (a) of section 12-217ee of the general statutes is
219 repealed and the following is substituted in lieu thereof (*Effective July*
220 *1, 2006, and applicable to income years commencing on or after January 1,*
221 *2006*):

222 (a) Any taxpayer that (1) is a qualified small business, (2) qualifies
223 for a credit under section 12-217j or section 12-217n, and (3) cannot
224 take such credit in the taxable year in which the credit could otherwise
225 be taken as a result of having no tax liability under this chapter may
226 elect to carry such credit forward under this chapter or may apply to
227 the commissioner as provided in subsection (b) of this section to
228 exchange such credit with the state for a credit refund equal to sixty-
229 five per cent of the value of the credit. Any amount of credit refunded
230 under this section shall be refunded to the taxpayer under the
231 provisions of this chapter, except that such credit refund shall not be
232 subject to the provisions of section 12-227. Payment of the capital base
233 tax under section 12-219<u>, as amended,</u> for an income year commencing
234 on or after January 1, 2002, in which year the taxpayer reports no net
235 income, as defined in section 12-213, <u>as amended,</u> **[**or payment of the
236 minimum tax of two hundred fifty dollars under section 12-219 or 12-
237 223c for any income year,**]** shall not be considered a tax liability for
238 purposes of this section.

239 Sec. 504. Section 12-223c of the general statutes is repealed. (*Effective*
240 *July 1, 2006, and applicable to income years commencing on or after January*
241 *1, 2006*)"