



# Senate

General Assembly

**File No. 602**

February Session, 2008

Substitute Senate Bill No. 595

*Senate, April 14, 2008*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING FAILURE TO FILE CERTAIN TAX DOCUMENTS.**

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

1 Section 1. (*Effective from passage*) Notwithstanding the provisions of  
2 subparagraph (B) of subdivision (72) of section 12-81 of the general  
3 statutes, any person otherwise eligible for a 2006 grand list exemption  
4 pursuant to said subdivision (72) in the city of New Britain, except that  
5 such person failed to file the required exemption application within  
6 the time period prescribed, shall be regarded as having filed said  
7 application in a timely manner if such person files said application not  
8 later than thirty days after the effective date of this section, and pays  
9 the late filing fee pursuant to section 12-81k of the general statutes.  
10 Upon confirmation of the receipt of such fee and verification of the  
11 exemption eligibility of the machinery and equipment included in such  
12 application, the assessor shall approve the exemption for such  
13 property. If taxes have been paid on the property for which such  
14 exemption is approved, the city of New Britain shall reimburse such

15 person in an amount equal to the amount by which such taxes exceed  
 16 the taxes payable if the application had been filed in a timely manner.  
 17 Notwithstanding the provisions of subsection (c) of section 12-94b of  
 18 the general statutes and section 12-94e of the general statutes, the  
 19 assessor of the city of New Britain may submit such approved  
 20 exemption application to the Secretary of the Office of Policy and  
 21 Management together with a request for reimbursement of the tax loss  
 22 resulting from such exemption. Subject to the secretary's review and  
 23 approval of such exemption, such reimbursement shall be included in  
 24 the next certification the secretary makes to the Comptroller under the  
 25 provisions of section 12-94b of the general statutes.

26 Sec. 2. (*Effective from passage*) Notwithstanding the provisions of  
 27 section 12-225 of the general statutes, any company located in the town  
 28 of Trumbull that filed an amended return in 2007 for the income year  
 29 2002 pursuant to an extension granted by public act 07-250, and  
 30 claimed on such amended return tax credits pursuant to section 12-217j  
 31 or 12-217n of the general statutes, shall be deemed to have filed for  
 32 such credits on or before the original due date of the tax return for the  
 33 2002 income year, and, subject to review and approval of such credits  
 34 by the Commissioner of Revenue Services, shall be eligible to exchange  
 35 such credits with the state for a credit refund equal to sixty-five per  
 36 cent of the value of such credits pursuant to section 12-217ee of the  
 37 general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section

**FIN** Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

---

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 09 \$</b>
Policy & Mgmt., Off.	GF - Cost	See Below
Department of Revenue Services	GF - Revenue Loss	100,000

Note: GF=General Fund

#### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 09 \$</b>
New Britain	Revenue Impact	See Below

#### **Explanation**

Section 1 results in a revenue loss to New Britain as the bill requires the city to reimburse the tax-payer an amount equal to the amount by which such property taxes exceed the taxes payable if the application for an exemption under the Payment-in-lieu of taxes for Manufacturing Machinery and Equipment (PILOT MME) had been filed in a timely manner. The amount of tax loss is offset by a PILOT MME grant to New Britain in the next fiscal year. It is anticipated that there are sufficient PILOT MME appropriations in FY 09 for this purpose.

Section 2 of the bill is anticipated to result in a one-time General Fund revenue loss of approximately \$100,000 in FY 09.

#### **The Out Years**

There is no out year fiscal impact resulting from this bill.

**OLR Bill Analysis****sSB 595*****AN ACT CONCERNING FAILURE TO FILE CERTAIN TAX DOCUMENTS.*****SUMMARY:**

The bill extends deadlines to (1) enable a certain taxpayer to file for a property tax exemption for manufacturing machinery and equipment for 2006 and (2) allow another to cash in research and development (R&D) corporation tax credits from 2002 for 65% of their value under the state's R&D tax credit refund program.

If passed, the bill would be a special act.

EFFECTIVE DATE: Upon passage

**§ 1 — PROPERTY TAX EXEMPTION DEADLINE EXTENSION**

The law grants state-reimbursed property tax exemptions for machinery and equipment used for manufacturing, biotechnology, or recycling. Property owners must apply to local assessors for these exemptions by November 1 annually.

The bill waives this filing deadline to allow a New Britain property owner to apply for an exemption for the 2006 grand list. The owner must apply within 30 days of the bill's passage and pay the statutory late fee. It requires the New Britain assessor to (1) verify eligibility for the exemption and approve the exemption, (2) refund any taxes paid on the property, and (3) submit the request for a tax loss reimbursement to the Office of Policy and Management secretary. Subject to the secretary's review and approval, the act requires the state to reimburse the town for the tax loss under the applicable statute.

---

**§ 2 — R&D TAX CREDIT REFUND**

The law authorizes corporation tax credits for research and experimentation and rolling research and development (R&D) expenses. It also allows qualifying companies that owe no taxes and consequently cannot use the credits to cash them in to the state for a refund equal to 65% of their value.

A 2007 act extended the three-year statutory deadline to allow a Trumbull company to file an amended corporation tax return and claim R&D tax credits for 2002. This bill also allows the company, subject to the revenue services commissioner's review and approval, to cash in those credits under the state R&D tax credit refund program.

To qualify for an R&D credit refund, a company must (1) have gross income of \$70 million or less for the year preceding the refund claim and (2) meet this gross income limit through transactions with companies that are unaffiliated with it.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (03/27/2008)