



# Senate

General Assembly

**File No. 389**

February Session, 2008

Substitute Senate Bill No. 658

*Senate, April 1, 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 STUDIES OF UNITARY REPORTING FOR CORPORATIONS AND A BUSINESS ACTIVITY TAX.***

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

1 Section 1. (*Effective July 1, 2008*) (a) The Business Tax Credit and Tax  
2 Policy Committee, established pursuant to section 12-217z of the  
3 general statutes, shall conduct a study of unitary reporting, whereby  
4 the corporation business tax liability of a group of related corporations  
5 would be based on such group's combined net income and loss. The  
6 committee shall consider the following: (1) The business entities to  
7 which such unitary reporting shall apply; (2) which exclusions or  
8 credits shall be allowed; (3) which particular economic sectors of the  
9 state economy may benefit and which may be negatively affected; (4)  
10 the impact of such reporting on the tax revenues of the state; (5) the  
11 impact on other state and local taxes paid by businesses; (6) the impact  
12 upon the state's other taxpayers; and (7) the effect on tax rates paid by  
13 businesses.

14 (b) Not later than January 1, 2009, the committee shall submit the  
 15 results of such study, in accordance with the provisions of section 11-  
 16 4a of the general statutes, to the joint standing committee of the  
 17 General Assembly having cognizance of matters relating to finance,  
 18 revenue and bonding.

19 Sec. 2. (*Effective July 1, 2008*) (a) The Business Tax Credit and Tax  
 20 Policy Committee, established pursuant to section 12-217z of the  
 21 general statutes, shall conduct a study of replacing the current  
 22 corporation business tax structure with a business activity tax. Such  
 23 study shall include a review of the Ohio Commercial Activity Tax and  
 24 the Texas Margin Tax. The committee shall also consider the following:  
 25 (1) The business entities to which such business activity tax shall  
 26 apply; (2) which exclusions or credits shall be allowed; (3) which  
 27 particular economic sectors of the state economy may benefit and  
 28 which may be negatively affected; (4) the impact of such tax on the  
 29 revenues of the state; (5) the impact on other state and local taxes paid  
 30 by businesses; (6) the impact upon the state's other taxpayers; and (7)  
 31 the effect on tax rates paid by businesses.

32 (b) Not later than January 1, 2009, the committee shall submit the  
 33 results of such study, in accordance with the provisions of section 11-  
 34 4a of the general statutes, to the joint standing committee of the  
 35 General Assembly having cognizance of matters relating to finance,  
 36 revenue and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	New section
Sec. 2	<i>July 1, 2008</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:**

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Legislative Mgmt.	GF - Cost	Minimal	Minimal

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The Office of Legislative Management would incur minimal costs in FY 09 associated with mileage reimbursement of 50.5 cents per mile for the four legislators currently serving on the Business Tax Review Committee.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis**

**sSB 658**

***AN ACT CONCERNING STUDIES OF UNITARY REPORTING FOR CORPORATIONS AND A BUSINESS ACTIVITY TAX.***

**SUMMARY:**

The Office of Legislative Research does not analyze Special Acts.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 50 Nay 0 (03/14/2008)