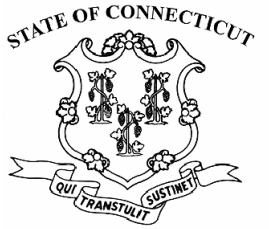


***Substitute House Bill No. 5494***

# *Public Act No. 10-188*

***AN ACT CONCERNING VARIOUS CHANGES TO TITLE 12 AND TO THE TAX CREDIT PROGRAM FOR REHABILITATION OF CERTIFIED HISTORIC STRUCTURES.***

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

Section 1. Subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income years commencing on or after January 1, 2010*):

(a) When used in this part, unless the context otherwise requires:

(1) "Taxpayer" and "company" mean any corporation, foreign municipal electric utility, as defined in section 12-59, electric distribution company, as defined in section 16-1, electric supplier, as defined in section 16-1, generation entity or affiliate, as defined in section 16-1, joint stock company or association or any fiduciary thereof and any dissolved corporation which continues to conduct business but does not include a passive investment company or municipal utility, as defined in section 12-265;

(2) "Dissolved corporation" means any company which has terminated its corporate existence by resolution, expiration, decree or forfeiture;

(3) **[**"Commissioner of Revenue Services" or "commissioner"**]** "Commissioner" means the Commissioner of Revenue Services;

(4) "Tax year" means the calendar year in which the tax is payable;

(5) "Income year" means the calendar year upon the basis of which net income is computed under this part, unless a fiscal year other than the calendar year has been established for federal income tax purposes, in which case it means the fiscal year so established or a period of less than twelve months ending as of the date on which liability under this chapter ceases to accrue by reason of dissolution, forfeiture, withdrawal, merger or consolidation;

(6) "Fiscal year" means the income year ending on the last day of any month other than December or an annual period which varies from fifty-two to fifty-three weeks elected by the taxpayer in accordance with the provisions of the Internal Revenue Code;

(7) "Paid" means "paid or accrued" or "paid or incurred", construed according to the method of accounting upon the basis of which net income is computed under this part;

(8) "Received" means "received" or "accrued", construed according to the method of accounting upon the basis of which net income is computed under this part;

(9) (A) "Gross income" means gross income, as defined in the Internal Revenue Code, and, in addition, means any interest or exempt interest dividends, as defined in Section 852(b)(5) of the Internal Revenue Code, received by the taxpayer or losses of other calendar or fiscal years, retroactive to include all calendar or fiscal years beginning after January 1, 1935, incurred by the taxpayer which are excluded from gross income for purposes of assessing the federal corporation net income tax, and in addition, notwithstanding any other provision of law, means interest or exempt interest dividends, as defined in said

Section 852(b)(5) of the Internal Revenue Code, accrued on or after the application date, as defined in section 12-242ff, with respect to any obligation issued by or on behalf of the state, its agencies, authorities, commissions and other instrumentalities, or by or on behalf of its political subdivisions and their agencies, authorities, commissions and other instrumentalities;

(B) "Gross income" shall not include the amount which for federal income tax purposes is treated as a dividend received by a domestic United States corporation from a foreign corporation on account of foreign taxes deemed paid by such domestic corporation, when such domestic corporation elects the foreign tax credit for federal income tax purposes;

(C) "Gross income" shall not include any amount which for federal income tax purposes is treated as a dividend received directly or indirectly by a taxpayer from a passive investment company;

(10) "Net income" means net earnings received during the income year and available for contributors of capital, whether they are creditors or stockholders, computed by subtracting from gross income the deductions allowed by the terms of section 12-217, as amended by this act, except that in the case of a domestic insurance company which is a life insurance company "net income" means life insurance company taxable income (A) increased by any amount or amounts which have been deducted in the computation of gain or loss from operations in respect of (i) the life insurance company's share of tax-exempt interest, (ii) operations loss carry-backs and capital loss carry-backs and (iii) operations loss carry-overs and capital loss carry-overs arising in any taxable year commencing prior to January 1, 1973, and (B) reduced by any amount or amounts which have been deducted as operations loss carry-backs or capital loss carry-backs in the computation of gain or loss from operations for any taxable year commencing on or after January 1, 1973, but only to the extent that

such amount or amounts, would, for federal tax purposes, have been deductible in the taxable year as operations loss carry-overs or capital loss carry-overs if they had not been deducted in a previous taxable year as carry-backs and provided no expense related to income, the taxation of which by the state of Connecticut is prohibited by the law or Constitution of the United States, as applied, or by the law or Constitution of this state, as applied, shall be deducted under this chapter and provided further no item may, directly or indirectly be excluded or deducted more than once;

(11) "Life insurance company" has the same meaning as it has under the Internal Revenue Code;

(12) "Life insurance company taxable income" has the same meaning as it has under the Internal Revenue Code;

(13) "Life insurance company's share" has the same meaning as it has under the Internal Revenue Code;

(14) "Operations loss carry-over", with respect to a life insurance company, has the same meaning as it has under the Internal Revenue Code;

(15) "Operations loss carry-back", with respect to a life insurance company, has the same meaning as it has under the Internal Revenue Code;

(16) "Capital loss carry-over", with respect to a life insurance company, has the same meaning as it has under the Internal Revenue Code;

(17) "Capital loss carry-back", with respect to a life insurance company, has the same meaning as it has under the Internal Revenue Code;

(18) "Gain or loss from operations", with respect to a life insurance company, has the same meaning as it has under the Internal Revenue Code;

(19) "Fiduciary" means any receiver, liquidator, referee, trustee, assignee or other fiduciary or officer or agent appointed by any court or by any other authority, except the Banking Commissioner acting as receiver or liquidator under the authority of the provisions of sections 36a-210 and 36a-218 to 36a-239, inclusive;

(20) (A) "Carrying on or doing business" means and includes each and every act, power or privilege exercised or enjoyed in this state, as an incident to, or by virtue of, the powers and privileges acquired by the nature of any organization whether the form of existence is corporate, associate, joint stock company or fiduciary, and includes the direct or indirect engaging in, transacting or conducting of activity in this state by an electric supplier, as defined in section 16-1, or generation entity or affiliate, as defined in section 16-1, for the purpose of establishing or maintaining a market for the sale of electricity or of electric generation services, as defined in section 16-1, to end use customers located in this state through the use of the transmission or distribution facilities of an electric distribution company, as defined in section 16-1, or, until unbundled in accordance with section 16-244e, electric company, as defined in section 16-1;

(B) A company that has contracted with a commercial printer for printing and distribution of printed material shall not be deemed to be carrying on or doing business in this state because of (i) the ownership or leasing by that company of tangible or intangible personal property located at the premises of the commercial printer in this state, (ii) the sale by that company of property of any kind produced or processed at and shipped or distributed from the premises of the commercial printer in this state, (iii) the activities of that company's employees or agents at the premises of the commercial printer in this state, which

activities relate to quality control, distribution or printing services performed by the printer, or (iv) the activities of any kind performed by the commercial printer in this state for or on behalf of that company;

(C) A company that participates in a trade show or shows at the convention center, as defined in subdivision (3) of section 32-600, shall not be deemed to be carrying on or doing business in this state, regardless of whether the company has employees or other staff present at such trade shows, provided such company's activity at such trade shows is limited to displaying goods or promoting services, no sales are made, any orders received are sent outside this state for acceptance or rejection and are filled from outside this state, and provided further that such participation is not more than fourteen days, or part thereof, in the aggregate during the company's income year for federal income tax purposes;

(21) "Alternative energy system" means design systems, equipment or materials which utilize as their energy source solar, wind, water or biomass energy in providing space heating or cooling, water heating or generation of electricity, but shall not include wood-burning stoves;

(22) "S corporation" means any corporation which is an S corporation for federal income tax purposes and includes any subsidiary of such S corporation that is a qualified subchapter S subsidiary, as defined in Section 1361(b)(3)(B) of the Internal Revenue Code, all of whose assets, liabilities and items of income, deduction and credit are treated under the Internal Revenue Code, and shall be treated under this chapter, as assets, liabilities and such items, as the case may be, of such S corporation;

(23) "Internal Revenue Code" means the Internal Revenue Code of 1986, or any subsequent internal revenue code of the United States, as from time to time amended, effective and in force on the last day of the

income year;

(24) "Partnership" means a partnership, as defined in the Internal Revenue Code, and includes a limited liability company that is treated as a partnership for federal income tax purposes;

(25) "Partner" means a partner, as defined in the Internal Revenue Code, and includes a member of a limited liability company that is treated as a partnership for federal income tax purposes;

(26) "Investment partnership" means a limited partnership that meets the gross income requirement of Section 851(b)(2) of the Internal Revenue Code, except that income and gains from commodities that are not described in Section 1221(1) of the Internal Revenue Code or from futures, forwards and options with respect to such commodities shall be included in income which qualifies to meet such gross income requirement, provided such commodities are of a kind customarily dealt with in an organized commodity exchange and the transaction is of a kind customarily consummated at such place, as required by Section 864(b)(2)(B)(iii) of the Internal Revenue Code. To the extent that such a partnership has income and gains from commodities that are not described in Section 1221(1) of the Internal Revenue Code or from futures, forwards and options with respect to such commodities, such income and gains must be derived by a partnership which is not a dealer in commodities and is trading for its own account as described in Section 864(b)(2)(B)(ii) of the Internal Revenue Code. The term "investment partnership" does not include a dealer, within the meaning of Section 1236 of the Internal Revenue Code, in stocks or securities;

(27) "Passive investment company" means any corporation which is a related person to a financial service company, as defined in section 12-218b, or to an insurance company, as defined in section 12-218b, and (A) employs not less than five full-time equivalent employees in

the state; (B) maintains an office in the state; and (C) confines its activities to the purchase, receipt, maintenance, management and sale of its intangible investments, and the collection and distribution of the income from such investments, including, but not limited to, interest and gains from the sale, transfer or assignment of such investments or from the foreclosure upon or sale, transfer or assignment of the collateral securing such investments. For purposes of this subdivision, "intangible investments" shall be limited to loans secured by real property, as defined in section 12-218b, including a line of credit which is a loan secured by real property and which permits future advances by the passive investment company; the collateral or an interest in the collateral that secured such loans if the sale of such collateral or interest is actively marketed by or on behalf of the passive investment company; and any short-term investment of cash held by the passive investment company which cash is reasonably necessary for the operations of such passive investment company; **[**.**]**

(28) (A) "Captive real estate investment trust" means, except as provided in subparagraph (C) of this subdivision, a corporation, a trust or an association (i) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code; (ii) that is not regularly traded on an established securities market; (iii) in which more that fifty per cent of the voting power, beneficial interests or shares are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code; and (iv) that is not a qualified real estate investment trust, as defined in subdivision (3) of subsection (a) of section 12-217, as amended by this act.

(B) "Captive real estate investment trust" does not include a corporation, a trust or an association, in which more than fifty per cent of the entity's voting power, beneficial interests or shares are owned by a single entity described in subparagraph (A)(iii) of this subdivision

that is owned or controlled, directly or constructively, by (i) a corporation, a trust or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code; (ii) a person exempt from taxation under Section 501 of the Internal Revenue Code; (iii) a listed property trust or other foreign real estate investment trust that is organized in a country that has a tax treaty with the United States Treasury Department governing the tax treatment of these trusts; or (iv) a real estate investment trust that is intended to become regularly traded on an established securities market, and that satisfies the requirements of Sections 856(a)(5) and 856(a)(6) of the Internal Revenue Code, as determined under Section 856(h) of the Internal Revenue Code;

(C) For purposes of this subdivision, the constructive ownership rules of Section 318 of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply to the determination of the ownership of stock, assets or net profits of any person.

Sec. 2. Subdivision (1) of subsection (a) of section 12-217 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income years commencing on or after January 1, 2010*):

(a) (1) In arriving at net income as defined in section 12-213, as amended by this act, whether or not the taxpayer is taxable under the federal corporation net income tax, there shall be deducted from gross income, (A) all items deductible under the Internal Revenue Code effective and in force on the last day of the income year except (i) any taxes imposed under the provisions of this chapter which are paid or accrued in the income year and in the income year commencing January 1, 1989, and thereafter, any taxes in any state of the United States or any political subdivision of such state, or the District of Columbia, imposed on or measured by the income or profits of a

corporation which are paid or accrued in the income year, (ii) deductions for depreciation, which shall be allowed as provided in subsection (b) of this section, **[**and**]** (iii) deductions for qualified domestic production activities income, as provided in Section 199 of the Internal Revenue Code, and (iv) in the case of any captive real estate investment trust, the deduction for dividends paid provided under Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in the case of a regulated investment company, the sum of (i) the exempt-interest dividends, as defined in the Internal Revenue Code, and (ii) expenses, bond premium, and interest related to tax-exempt income that are disallowed as deductions under the Internal Revenue Code, and (C) in the case of a taxpayer maintaining an international banking facility as defined in the laws of the United States or the regulations of the Board of Governors of the Federal Reserve System, as either may be amended from time to time, the gross income attributable to the international banking facility, provided, no expense or loss attributable to the international banking facility shall be a deduction under any provision of this section, and (D) additionally, in the case of all taxpayers, all dividends as defined in the Internal Revenue Code effective and in force on the last day of the income year not otherwise deducted from gross income, including dividends received from a DISC or former DISC as defined in Section 992 of the Internal Revenue Code and dividends deemed to have been distributed by a DISC or former DISC as provided in Section 995 of said Internal Revenue Code, other than thirty per cent of dividends received from a domestic corporation in which the taxpayer owns less than twenty per cent of the total voting power and value of the stock of such corporation, and (E) additionally, in the case of all taxpayers, the value of any capital gain realized from the sale of any land, or interest in land, to the state, any political subdivision of the state, or to any nonprofit land conservation organization where such land is to be permanently preserved as protected open space or to a water company, as defined in section 25-32a, where such land is to be

permanently preserved as protected open space or as Class I or Class II water company land.

Sec. 3. Subdivision (3) of subsection (a) of section 12-217 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income years commencing on or after January 1, 2010*):

(3) Notwithstanding any provision of this section to the contrary, no dividend received from a real estate investment trust shall be deductible under this section by the recipient unless the dividend is: (A) Deductible under Section 243 of the Internal Revenue Code; **[**or**]** (B) received by a qualified dividend recipient from a qualified real estate investment trust and, as of the last day of the period for which such dividend is paid, persons, not including the qualified dividend recipient or any person that is either a related person to, or an employee or director of, the qualified dividend recipient, have outstanding cash capital contributions to the qualified real estate investment trust that, in the aggregate, exceed five per cent of the fair market value of the aggregate real estate assets, valued as of the last day of the period for which such dividend is paid, then held by the qualified real estate investment trust; or (C) received from a captive real estate investment trust that is subject to the tax imposed under this chapter. For purposes of this section, a "related person" is as defined in subdivision (7) of subsection (a) of section 12-217m, "real estate assets" is as defined in Section 856 of the Internal Revenue Code, a "qualified dividend recipient" means a dividend recipient who has invested in a qualified real estate investment trust prior to April 1, 1997, and a "qualified real estate investment trust" means an entity that both was incorporated and had contributed to it a minimum of five hundred million dollars worth of real estate assets prior to April 1, 1997, and that elects to be a real estate investment trust under Section 856 of the Internal Revenue Code prior to April 1, 1998.

Sec. 4. Subdivision (1) of subsection (f) of section 12-7b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(f) (1) The Office of Fiscal Analysis shall not make known in any manner any information obtained from any such report or inventory, or any information obtained pursuant to subdivision (2) of this subsection which would allow the identification of any taxpayer or of the amount or source of income, profits, losses, expenditures or any particulars thereof set forth or disclosed in any return, statement or report required to be filed with or submitted to the commissioner which is discernible from such report or inventory, or from such information obtained pursuant to subdivision **[**(d)**]** (2) of this subsection, except as provided in this subsection. The Office of Fiscal Analysis may disclose such information to other state officers and employees when required in the course of duty. No such officer or employee shall make known any such information to any other person except as provided in this subsection. Any person who violates any provision of this subsection shall be fined not more than one thousand dollars or imprisoned not more than one year or both.

Sec. 5. Subdivision (1) of subsection (b) of section 12-226 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage for income years commencing on or after January 1, 2010*):

(b) (1) Any company **[**whose return to the Director of Internal Revenue has been amended shall, within ninety days after having filed the amended return, make an amended return to the commissioner**]** filing an amended return with any official of the United States government or any agency thereof, shall make an amended return to the commissioner on or before the date that is ninety days after the final determination is made on the amended return by such federal official or agency. The commissioner shall treat any such amended

return reporting a tax overpayment as filed in processible form, as described in subsection (c) of section 12-227, after proof of such final determination on such amended federal return by such federal official or agency is submitted to the commissioner. The time for filing such amended return may be extended by the commissioner upon due cause shown. If, upon examination, the commissioner finds that the company is liable for the payment of an additional tax, **[**he**]** the commissioner shall, within a reasonable time from the receipt of such amended return, notify the company of the amount of such additional tax, together with interest thereon computed at the rate of one per cent per month or fraction thereof from the date when the original tax became due and payable. Within thirty days of the mailing of such notice, the company shall pay to the commissioner, in cash or by check, draft or money order, drawn to the order of the Commissioner of Revenue Services, the amount of such additional tax and interest. If, upon examination of such amended return and related information, the commissioner finds that the company has overpaid the tax due the state and has not received from or been allowed by the United States government, or any agency thereof, a credit or a benefit, as a deduction or otherwise, for or by reason of such overpayment, the company shall be paid by the State Treasurer, upon order of the Comptroller, the amount of such overpayment. If the commissioner determines that the company's claim of overpayment is not valid, either in whole or in part, **[**he**]** the commissioner shall mail notice of the proposed disallowance in whole or in part of the claim to the company, which notice shall set forth briefly the commissioner's findings of fact and the basis of disallowance in each case decided in whole or in part adversely to the claimant. Sixty days after the date on which it is mailed, a notice of proposed disallowance shall constitute a final disallowance except only for such amounts as to which the company has filed, as provided in subdivision (2) of this subsection, a written protest with the commissioner.

Sec. 6. Section 12-409 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

**[**(1)**]** (a) No person shall engage in or transact business as a seller within this state, unless a permit or permits have been issued to **[**him**]** such person as **[**hereinafter**]** prescribed in this section.

**[**(2)**]** (b) Every person desiring to engage in or conduct business as a seller within this state shall file with the commissioner an application for a permit for each place of business. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant transacts or intends to transact business, the location of **[**his**]** the applicant's place or places of business and such other information as the commissioner requires. The application shall be signed by the owner if a natural person; in the case of an association or partnership, by a member or partner; in the case of a corporation, by an executive officer or some person specifically authorized by the corporation to sign the application.

**[**(3)**]** (c) At the time of making an application the applicant shall pay to the Commissioner of Revenue Services a permit fee of one hundred dollars for each permit. Any permit issued on or after July 1, 1985, but prior to October 1, 2003, shall expire biennially on the anniversary date of the issuance of such permit unless renewed in accordance with such procedure and application form as prescribed by the commissioner. Any permit issued on or after October 1, 2003, shall expire on the fifth anniversary date of the issuance of such permit unless renewed in accordance with such procedure and application form as prescribed by the commissioner.

**[**(4)**]** (d) After compliance with subsections **[**(1), (2) and (3)**]** (a), (b) and (c) of this section by the applicant, the commissioner shall grant and issue to such applicant a separate permit for each place of business

within the state. A permit is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall at all times be conspicuously displayed at the place for which issued. Only a person actively engaging in or conducting business as a seller may hold a permit. Any person not so engaged shall surrender the permit to the commissioner for cancellation.

**[**(5)**]** (e) A seller whose permit has been suspended or revoked shall pay to the Commissioner of Revenue Services a fee of one hundred dollars for the reissuance of a permit.

**[**(6)**]** (f) Whenever any person fails to comply with any provision of this chapter relating to the sales tax or any regulation of the commissioner relating to the sales tax prescribed and adopted under this chapter, **[**or whenever any seller files returns for four successive monthly or quarterly periods, as the case may be, showing no sales,**]** the commissioner, upon hearing, after giving such person ten days' notice in writing specifying the time and place of hearing and requiring **[**him**]** such person to show cause why **[**his**]** such person's permit or permits should not be revoked, may revoke or suspend any one or more of the permits held by the person. The notice may be served personally or by registered or certified mail. The commissioner shall not issue a new permit after the revocation of a permit unless **[**he**]** the commissioner is satisfied that the former holder of the permit will comply with the provisions of this chapter relating to the sales tax and the regulations of the commissioner.

(g) Whenever any seller files returns for four successive monthly or quarterly periods, or for two successive annual periods, as the case may be, showing no sales, the commissioner, upon hearing, after giving such seller thirty days notice, in writing, specifying the time and place of hearing and requiring such seller to show cause why such seller's permit or permits should not be cancelled, may cancel one or

more of the permits held by such seller. The notice may be served personally or by mail. The commissioner shall not issue a new permit after the cancellation of a permit unless the commissioner is satisfied that the former holder of the permit will make sales subject to the provisions of this chapter relating to the sales tax and the regulations of the commissioner.

**[**(7)**]** (h) Any person who knowingly violates any provision of this section shall be fined not more than five hundred dollars or imprisoned not more than three months or both for each offense.

Sec. 7. Section 12-484 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to quarterly periods commencing on or after January 1, 2011*):

(a) Except as otherwise provided in this section, every motor carrier subject to the tax imposed by this chapter shall, on or before the last day of January, April, July and October, annually, **[**or on or before the last day of the month following such reporting period, other than a quarterly period as may be established under regulations promulgated by the Commissioner of Revenue Services,**]** make to the commissioner such reports of its operations during the quarter **[**or such other period, as the case may be,**]** ending the last day of the preceding month as the commissioner may require and such other reports from time to time as the commissioner may deem necessary. **[**The commissioner shall adopt in accordance with chapter 54 and enforce regulations relating to the administration and enforcement of this chapter.**]**

(b) The commissioner **[**by regulation may**]** shall exempt from the **[**aforesaid**]** reporting requirements of subsection (a) of this section, **[**as a class, (1)**]** those motor carriers operating solely within this state and **[**(2) those motor carriers**]** purchasing motor fuel solely within this state. **[**, and require in each such instance an annual report, if in his discretion the enforcement of this chapter would not be adversely

affected by such regulation.**]**

(c) The commissioner shall adopt regulations in accordance with the provisions of chapter 54 relating to the administration and enforcement of this chapter.

Sec. 8. Subsection (a) of section 12-631 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to income years commencing on or after January 1, 2010*):

(a) "Business firm" means any business entity authorized to do business in the state and subject to the **[**corporation business tax imposed under chapter 208 or to the unincorporated business tax imposed under chapter 228, or any insurance company, hospital or medical services corporation subject to the insurance companies, hospital and medical services corporations tax imposed under chapter 207, or any air carrier subject to the air carriers tax imposed under chapter 209, or any railroad company subject to the railroad companies tax imposed under chapter 210, or any express, telegraph, telephone, cable, car or community antenna television company subject to the express, telegraph, telephone, cable, car and community antenna television companies tax imposed under chapter 211, or any utility company subject to the utility companies tax imposed under chapter 212, or any public service company subject to the public service companies tax imposed under chapter 212a**]** tax due under the provisions of chapter 207, 208, 209, 210, 211 or 212.

Sec. 9. Subsection (c) of section 12-632 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(c) Any business firm which desires to engage in any of the activities or programs approved by any municipality pursuant to subsection (a)

of this section and listed pursuant to subsection (b) of this section may apply to the Commissioner of Revenue Services for a tax credit in an amount as provided in section 12-633, 12-634, 12-635 or 12-635a, as amended by this act. The proposal for such credit which shall be made on a form prescribed and made available by the commissioner, shall set forth the program to be conducted, the neighborhood area to be invested in, the plans for implementing the program and such other information as said commissioner may prescribe. Such proposals shall be submitted to the commissioner on or after September fifteenth but no later than October first of each year. **[**The commissioner shall refer the proposal to the agency designated by the municipality to oversee implementation of the program pursuant to the provisions of subsection (a) of this section, and such agency shall, within thirty days of the date of referral, approve or disapprove the proposal. Failure of such agency to respond within thirty days of the date of referral shall be deemed to constitute disapproval of such proposal. Following such referral and approval or disapproval, such**]** Such proposals shall be approved or disapproved by the Commissioner of Revenue Services based on the compliance of such proposal with the provisions of this chapter **[**, municipal agency approval or disapproval**]** and regulations adopted pursuant to this chapter. The commissioner may only approve proposals received **[**in his office**]** between September fifteenth and October first of each year. **[**, after approval by the municipal agency affected by such proposal.**]** If, in the opinion of the Commissioner of Revenue Services, **[**and the municipality or municipalities affected,**]** a business firm's investment can, for the purposes of this chapter, be made through contributions to a neighborhood organization as defined in subsection (h) of section 12-631, tax credits may be allowed in amounts as provided in section 12-633, 12-634, 12-635 or 12-635a, as amended by this act.

Sec. 10. Section 12-635a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

The Commissioner of Revenue Services shall grant a credit against any tax due under the provisions of chapter 207, 208, 209, 210, 211 or 212 in an amount not to exceed **[**forty**]** sixty per cent of the total cash amount invested during the taxable year by the business firm in community-based alcoholism prevention or treatment programs operated or created pursuant to proposals approved pursuant to section 12-632, as amended by this act.

Sec. 11. Section 12-686 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) (1) Except as otherwise provided in **[**subsection (b)**]** subsections (b) and (c) of this section, the commissioner may require every person who files a tax return for any tax on a monthly or quarterly basis to pay such tax during the twelve-month period following a determination of liability under this subdivision by one of the means of electronic funds transfer approved by the department, if the commissioner determines that such person's liability for such tax was **[**more than ten**]** four thousand dollars or more for the twelve-month period ending on the June thirtieth immediately preceding the monthly or quarterly period with respect to which the requirement to pay tax by electronic funds transfer is established. The commissioner, in determining whether tax liability is **[**more than ten**]** four thousand dollars or more, shall base such determination on the taxes reported to be due on the tax returns of such person related to the period under examination. If any tax return or returns of such person for such period have not been filed, the commissioner may base such determination on any information available to **[**him**]** such commissioner.

(2) Except as otherwise provided in **[**subsection (b)**]** subsections (b) and (c) of this section, the commissioner may require every person, other than a person described in subdivision (3) of this subsection, who files a tax return for any tax on an annual basis to pay such tax, or any

installment thereof, during the twelve-month period following a determination of liability under this subdivision by one of the means of electronic funds transfer approved by the department if the commissioner determines that such person's liability for such tax was **[**more than ten**]** four thousand dollars or more for the year immediately preceding the year with respect to which the requirement to pay tax by electronic funds transfer is established. The commissioner, in determining whether tax liability is **[**more than ten**]** four thousand dollars or more, may base the determination on the estimated tax, if any, paid for the immediately preceding year, provided, if the tax return for such immediately preceding year has been filed, the commissioner shall base the determination on the taxes reported to be due on such tax return. If any tax return of such person for such period has not been filed or estimated tax has not been paid by such person for such period, the commissioner may base such determination on any information available to **[**him**]** the commissioner.

(3) Except as otherwise provided in **[**subsection (b)**]** subsections (b) and (c) of this section, the commissioner may require every employer who is deducting and withholding Connecticut income tax from employee wages to pay such tax during the twelve-month period following a determination of liability under this subdivision, by one of the means of electronic funds transfer approved by the department if the commissioner determines that the amount of Connecticut income tax deducted and withheld from employee wages by such employer was more than **[**ten**]** two thousand dollars for the twelve-month period ending on the June thirtieth immediately preceding the quarterly period with respect to which the requirement to pay over tax by electronic funds transfer is established. The commissioner, in determining whether tax liability is more than **[**ten**]** two thousand dollars, shall base such determination on the taxes reported to be due on the quarterly withholding tax returns of such employer related to the period under examination. If any such tax return of such person for

such period has not been filed, the commissioner may base such determination on any information available to **[**him**]** the commissioner.

(b) Notwithstanding any provision of subsection (a) of this section: (1) No person shall be required to pay any tax by electronic funds transfer until the department has given notice to such person of such requirement; and (2) no person required to pay any tax for any period by electronic funds transfer shall cease such method of payment until notified by the department that such method of payment is no longer required. The department shall give notice to such person that such method of payment is no longer required as soon as practicable after such determination is made.

(c) Notwithstanding any provision of subsection (a) of this section, any person required by regulations adopted under section 12-690 to file electronically any return, statement or other document that is required by law or regulation to be filed with the commissioner shall be required to pay the tax to which such return, statement or other document pertains by electronic funds transfer. For purposes of this subsection, any person required by regulations adopted under section 12-690 shall not include any return preparer, as defined in such regulation.

Sec. 12. Subdivision (2) of subsection (b) of section 12-704 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2010*):

(2) If, as a direct result of a taxpayer filing an amended income tax return with another state of the United States or a political subdivision thereof or the District of Columbia, the amount of tax of such other jurisdiction that the taxpayer is required to pay is different from the amount used to determine the credit allowed to any taxpayer under this section for any taxable year, the taxpayer shall provide notice of

such difference to the commissioner by filing, on or before the date that is ninety days after the **[**date of filing of such amended return**]** final determination is made on such amended return by the tax officers or other competent authority of such other jurisdiction, an amended return under this chapter and shall give such information as the commissioner may require. The commissioner shall treat any such amended return under this chapter reporting a tax overpayment as containing sufficient required information after proof of such final determination on such amended income tax return of such other jurisdiction by the tax officers or other competent authority of such other jurisdiction is submitted to the commissioner. The commissioner may redetermine, and the taxpayer shall be required to pay, the tax for any taxable year affected, regardless of any otherwise applicable statute of limitations.

Sec. 13. Subdivision (2) of subsection (b) of section 12-727 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2010*):

(2) Any taxpayer filing an amended federal income tax return with the United States Internal Revenue Service or other competent authority shall also file, on or before the date that is ninety days after the **[**date of filing of such amended return**]** final determination is made on such amended return by the Internal Revenue Service or other competent authority, an amended return under this chapter and shall give such information as the commissioner may require. The commissioner shall treat any such amended return under this chapter reporting a tax overpayment as containing sufficient required information after proof of such final determination on such amended federal income tax return by the Internal Revenue Service or other competent authority is submitted to the commissioner. The commissioner may redetermine, and the taxpayer shall be required to

pay the tax for any taxable year affected, regardless of any otherwise applicable statute of limitations.

Sec. 14. Section 32-340 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Sections 32-340 to 32-346, inclusive, as amended by this act, and **[**sections 12-3f and**]** section 12-217o shall be known and may be cited as the "Small Business Financial Recovery Act of 1993".

Sec. 15. Section 10-416b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010, and applicable to income years commencing on or after January 1, 2010*):

(a) As used in this section, the following terms shall have the following meanings unless the context clearly indicates another meaning:

(1) "Commission" means the Connecticut Commission on Culture and Tourism established pursuant to section 10-392;

(2) "Certified historic structure" means an historic commercial or industrial property that: (A) Is listed individually on the National or State Register of Historic Places, or (B) is located in a district listed on the National or State Register of Historic Places, and has been certified by the commission as contributing to the historic character of such district;

(3) "Certified rehabilitation" means any rehabilitation of a certified historic structure for mixed residential and nonresidential uses consistent with the historic character of such property or the district in which the property is located as determined by regulations adopted by the commission;

(4) "Owner" means any person, firm, limited liability company,

nonprofit or for-profit corporation or other business entity which possesses title to an historic structure and undertakes the rehabilitation of such structure;

(5) "Placed in service" means that substantial rehabilitation work has been completed which would allow for issuance of a certificate of occupancy for the entire building or, in projects completed in phases, for **[**individual residential units that are**]** an identifiable portion of the building;

(6) "Qualified rehabilitation expenditures" means any costs incurred for the physical construction involved in the rehabilitation of a certified historic structure for mixed residential and nonresidential uses where at least thirty-three per cent of the total square footage of the rehabilitation is placed into service for residential use, excluding: (A) The owner's personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the State Fire Safety Code, and (C) any nonconstruction cost such as architectural fees, legal fees and financing fees;

(7) "Rehabilitation plan" means any construction plans and specifications for the proposed rehabilitation of a certified historic structure in sufficient detail for evaluation by compliance with the standards developed under the provisions of subsections (b) to (d), inclusive, of this section; and

(8) "Substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic structure that exceed twenty-five per cent of the assessed value of such structure.

(b) (1) The commission shall administer a system of tax credit vouchers within the resources, requirements and purposes of this section for owners rehabilitating certified historic structures.

(2) The credit authorized by this section shall be available in the tax year in which the substantially rehabilitated certified historic structure is placed in service. In the case of projects completed in phases, the tax credit shall be prorated to the substantially rehabilitated identifiable portion of the building placed in service. If the tax credit is more than the amount owed by the taxpayer for the year in which the substantially rehabilitated certified historic structure is placed in service, the amount that is more than the taxpayer's tax liability may be carried forward and credited against the taxes imposed for the succeeding five years or until the full credit is used, whichever occurs first.

(3) In the case of projects completed in phases, the commission may issue vouchers for the substantially rehabilitated identifiable portion of the building placed in service, regardless of whether such portion contains residential uses.

**[**(3)**]** (4) Any credits allowed under this section that are provided to multiple owners of certified historic structures shall be passed through to persons designated as partners, members or owners, pro rata or pursuant to an agreement among such persons designated as partners, members or owners documenting an alternative distribution method without regard to other tax or economic attributes of such entity. Any owner entitled to a credit under this section may assign, transfer or convey the credits, in whole or in part, by sale or otherwise to any individual or entity and such transferee shall be entitled to offset the tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such transferee had incurred the qualified rehabilitation expenditure.

(c) The commission shall develop standards for the approval of rehabilitation of certified historic structures for which a tax credit voucher is sought. Such standards shall take into account whether the rehabilitation of a certified historic structure will preserve the historic character of the building.

(d) The commission shall adopt regulations, in accordance with chapter 54, to carry out the purposes of this section. Such regulations shall include provisions for the filing of applications, rating criteria and for timely approval by the commission.

(e) Prior to beginning any rehabilitation work on a certified historic structure, the owner shall submit (1) (A) a rehabilitation plan to the commission for a determination of whether or not such rehabilitation work meets the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, and (B) if such rehabilitation work is planned to be undertaken in phases, a complete description of each such phase, with anticipated schedules for completion, (2) an estimate of the qualified rehabilitation expenditures, and (3) for projects pursuant to subdivision (2) of subsection (f) of this section, (A) the number of units of affordable housing, as defined in section 8-39a, to be created, (B) the proposed rents or sale prices of such units, and (C) the median income for the municipality where the project is located. In the case of a project pursuant to subdivision (2) of subsection (f) of this section the owner shall submit a copy of data required under subdivision (3) of this subsection to the Department of Economic and Community Development.

(f) If the commission certifies that the rehabilitation plan conforms to the standards developed under the provisions of subsections (b) to (d), inclusive, of this section, the commission shall reserve for the benefit of the owner an allocation for a tax credit equivalent to (1) twenty-five per cent of the projected qualified rehabilitation expenditures, or (2) for rehabilitation plans submitted pursuant to subsection (e) of this section on or after June 14, 2007, thirty per cent of the projected qualified rehabilitation expenditures if (A) at least twenty per cent of the units are rental units and qualify as affordable housing, as defined in section 8-39a, or (B) at least ten per cent of the units are individual homeownership units and qualify as affordable housing, as

defined in section 8-39a. No tax credit shall be allocated for the purposes of this subdivision unless an applicant has submitted to the commission a certificate from the Department of Economic and Community Development pursuant to subsections **[**(k) and (l)**]** (l) and (m) of this section confirming that the project complies with affordable housing requirements under section 8-39a.

(g) (1) The owner shall notify the commission that a phase of the rehabilitation has been completed at such time as an identifiable portion of a certified historic structure has been placed in service. Such portion shall not be required to include residential uses, provided the rehabilitation plan submitted pursuant to subsection (e) of this section describes the residential uses that will be part of the rehabilitation, and includes a schedule for completion of such residential uses. The owner shall provide the commission with documentation of work performed on such portion of such structure and shall submit certification of the costs incurred in such rehabilitation. The commission shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the commission shall issue a tax credit voucher as provided in subsection (h) of this section.

(2) If the residential portion of the mixed residential and nonresidential uses described in the rehabilitation plan is not completed within the schedule outlined in such plan, the owner shall recapture one hundred per cent of the amount of the credit for which a voucher was issued pursuant to this section on the tax return required to be filed for the income year immediately succeeding the income year during which such residential portion has not been completed. The commission, in its discretion, may provide an extension of time for completion of such residential portion, but in no event shall such extension be more than three years.

**[**(g)**]** (h) Following the completion of rehabilitation of a certified historic structure, the owner shall notify the commission that such

rehabilitation has been completed. The owner shall provide the commission with documentation of work performed on the certified historic structure and shall submit certification of the costs incurred in rehabilitating the certified historic structure. The commission shall review such rehabilitation and verify its compliance with the rehabilitation plan. Following such verification, the commission shall issue a tax credit voucher to the owner rehabilitating the certified historic structure or to the taxpayer named by the owner as contributing to the rehabilitation. The tax credit voucher shall be in an amount equivalent to the lesser of the tax credit reserved upon certification of the rehabilitation plan under the provisions of subsection (f) of this section or (1) twenty-five per cent of the actual qualified rehabilitation expenditures, or (2) for projects including affordable housing pursuant to subdivision (2) of subsection (f) of this section, thirty per cent of the actual qualified rehabilitation expenditures. In order to obtain a credit against any state tax due that is specified in subsection **[**(h)**]** (i) of this section, the holder of the tax credit voucher shall file the voucher with the holder's state tax return.

**[**(h)**]** (i) The Commissioner of Revenue Services shall grant a tax credit to a taxpayer holding the tax credit voucher issued under subsections (e) to **[**(i)**]** (j), inclusive, of this section against any tax due under chapter 207, 208, 209, 210, 211 or 212 in the amount specified in the tax credit voucher. Such taxpayer shall submit the voucher and the corresponding tax return to the Department of Revenue Services.

**[**(i)**]** (j) The commission may charge an application fee in an amount not to exceed ten thousand dollars to cover the cost of administering the program established pursuant to this section.

**[**(j)**]** (k) The aggregate amount of all tax credits which may be reserved by the Commission on Culture and Tourism upon certification of rehabilitation plans under subsections (a) to **[**(i)**]** (j), inclusive, of this section shall not exceed fifty million dollars for the

fiscal three-year period beginning July 1, 2008, and ending June 30, 2011, inclusive, and each fiscal three-year period thereafter. No project may receive tax credits in an amount exceeding ten per cent of such aggregate amount.

**[**(k)**]** (l) On or before October 1, 2009, and annually thereafter, the Commission on Culture and Tourism shall report the total amount of historic preservation tax credits and affordable housing tax credits reserved for the previous fiscal year under subsections (a) to **[**(i)**]** (j), inclusive, of this section, to the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding. Each such report shall include the following information for each project for which tax credit has been reserved: (1) The total project costs, (2) the value of the tax credit reservation for the purpose of historic preservation, (3) a statement whether the reservation is for mixed-use and if so, the proportion of the project that is not residential, and (4) the number of residential units to be created, and, for affordable housing reservations, the value of the reservation and percentage of residential units that will qualify as affordable housing, as defined in section 8-39a.

**[**(l)**]** (m) (1) If the total amount of such tax credits reserved in the first fiscal year of a fiscal three-year period is more than sixty-five per cent of the aggregate amount of tax credits reserved under subsections (a) to **[**(i)**]** (j), inclusive, of this section, then no additional reservation shall be allowed for the second fiscal year of such fiscal three-year period unless the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding each vote separately to authorize continuance of tax credit reservations under the program.

(2) If the total amount of such credits reserved in the second year of a fiscal three-year period exceeds ninety per cent of the aggregate amount of tax credits reserved under subsections (a) to **[**(i)**]** (j),

inclusive, of this section, then no additional reservation shall be allowed for the third fiscal year of such fiscal three-year period unless the joint standing committees of the General Assembly having cognizance of matters relating to commerce and to finance, revenue and bonding each vote separately to authorize the continuance of tax credit reservations under the program.

(3) Any tax credit reservations issued before a suspension of additional tax credit reservations under subdivisions (1) and (2) of this subsection shall remain in place.

Sec. 16. Section 8-37*lll* of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The Commissioner of Economic and Community Development shall review applications for affordable housing tax credits submitted pursuant to subsection (e) of section 10-416b. Upon determination that an application contains affordable housing as required by said section the commissioner shall issue a certificate to that effect. The commissioner shall monitor projects certified under this section to ensure that the affordable housing units are maintained as affordable for a minimum of ten years and may require deed restrictions or other fiscal mechanisms designed to ensure compliance with project requirements. The commissioner may impose a fee in an amount not exceeding two thousand dollars to cover the cost of reviewing applications and monitoring projects that qualify for affordable housing tax credits pursuant to subsections (a) to **[**(i)**]** (j), inclusive, of section 10-416b.

(b) The Commissioner of Economic and Community Development, in consultation with the Commission on Culture and Tourism, may adopt regulations, pursuant to chapter 54, for monitoring of projects that qualify for affordable housing tax credits pursuant to subsections (a) to **[**(i)**]** (j), inclusive, of section 10-416b by the Department of

Economic and Community Development, or by local housing authorities, municipalities, other public agencies or quasi-public agencies, as defined in section 1-120, designated by the department. Such regulations shall include provisions for ensuring that affordable units developed under subdivision (3) of subsection (e) of section 10-416b are maintained as affordable for a minimum of ten years and may require deed restrictions or other fiscal mechanisms designed to ensure compliance with project requirements.

Sec. 17. Sections 12-3f, 12-34d and 12-315a of the general statutes are repealed. (*Effective from passage*)

Approved June 7, 2010