



House of Representatives

General Assembly

File No. 568

February Session, 2010

House Bill No. 5534

House of Representatives, April 15, 2010

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ESTABLISHING A REVENUE ACCOUNTABILITY COMMISSION.

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

1 Section 1. (*Effective from passage*) (a) There is established a revenue
2 accountability commission to assess the state's revenue structure on
3 the basis of adequacy, equity, balance, simplicity, economic
4 competitiveness, effectiveness and efficiency, and to make
5 recommendations for improvements.

6 (b) The commission shall consist of the following members:

7 (1) Two appointed by the speaker of the House of Representatives,
8 who shall have a background as state or local revenue policy
9 managers;

10 (2) Two appointed by the president pro tempore of the Senate, who
11 shall have a background in labor issues;

12 (3) One appointed by the majority leader of the House of

- 13 Representatives, who shall represent a policy-focused nonprofit entity;
- 14 (4) One appointed by the majority leader of the Senate, who shall
15 represent large businesses;
- 16 (5) One appointed by the minority leader of the House of
17 Representatives, who shall represent a policy-focused nonprofit entity;
- 18 (6) One appointed by the minority leader of the Senate, who shall
19 represent small businesses;
- 20 (7) The Commissioner of Economic and Community Development,
21 or the commissioner's designee;
- 22 (8) The Commissioner of Revenue Services, or the commissioner's
23 designee;
- 24 (9) The chairpersons and ranking members of the joint standing
25 committee of the General Assembly having cognizance of matters
26 relating to finance, revenue and bonding, or their designees; and
- 27 (10) Three to be appointed jointly by the members of the
28 commission, to ensure that the membership includes those with
29 adequate knowledge and background, and representation of diverse
30 viewpoints.
- 31 (c) All appointments to the commission shall be made no later than
32 thirty days after the effective date of this section. Any vacancy shall be
33 filled by the appointing authority.
- 34 (d) The first meeting of the commission shall be held not later than
35 September 1, 2010. The members of such commission shall select two
36 chairpersons of the commission, from among the members of the
37 commission. Such chairpersons shall schedule all following meetings
38 of the commission, which shall be held not less than four times per
39 year.
- 40 (e) The commission shall:

41 (1) Gather all state and local revenue data and analyze and evaluate
42 such data using proven measures of performance;

43 (2) Assess the implications of the revenue policy environment, by
44 considering such environment in the cities and states of the United
45 States and in foreign cities, provinces and countries;

46 (3) Compare and contrast the tax structures of this state with
47 neighboring states and competitor states;

48 (4) Consider the short-term and long-term consequences of the
49 state's current tax structure and compare with such consequences of
50 other tax structures studied;

51 (5) Employ appropriate economic forecasting for the viability of the
52 state's revenue streams;

53 (6) Identify revenue successes and failures; and

54 (7) Review and assess the incidence of the sales, income and
55 business taxes at various income levels and map and model the
56 projected revenue that can be raised from various rate changes and
57 base changes.

58 (f) The commission shall make every effort to ensure that the
59 process, data gathering, assessment and reporting is open, transparent
60 and available for future use, by (1) appointing advisory panels of
61 experts on specific issues, and soliciting information and advice from
62 such panels, (2) scheduling public hearings as necessary or
63 appropriate, (3) publishing all meeting minutes, gathered information
64 and reports through any available media channel and make all
65 information accessible on an Internet web site, and (4) within the
66 bounds of section 12-15 of the general statutes, as amended by this act,
67 report as widely as possible aggregated and assimilated tax data.

68 (g) (1) Not later than December 1, 2010, the commission shall submit
69 to the joint standing committee of the General Assembly having
70 cognizance of matters relating to finance, revenue and bonding in

71 accordance with the provisions of section 11-4a of the general statutes,
72 a report on revenue that includes a mix of options of taxes,
73 exemptions, rates and base changes that the commission recommends
74 as necessary to raise the revenue sufficient to balance the budget.

75 (2) The commission may publish at any time information developed
76 in the course of its work and shall submit a copy of any such
77 information to the joint standing committee of the General Assembly
78 having cognizance of matters relating to finance, revenue and bonding.

79 (3) Not later than January 1, 2012, the commission shall submit a
80 report on its findings and recommendations pursuant to subsection (e)
81 of this section to the joint standing committee of the General Assembly
82 having cognizance of matters relating to finance, revenue and bonding,
83 in accordance with the provisions of section 11-4a of the general
84 statutes. Such report shall also include the commission's
85 recommendations for a more permanent and sustainable source of
86 ongoing reviews of the state's revenue structure. The commission shall
87 terminate on the date that it submits such report or January 1, 2012,
88 whichever is later.

89 Sec. 2. Subsection (b) of section 12-15 of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective*
91 *October 1, 2010*):

92 (b) The commissioner may disclose (1) returns or return information
93 to (A) an authorized representative of another state agency or office,
94 upon written request by the head of such agency or office, when
95 required in the course of duty or when there is reasonable cause to
96 believe that any state law is being violated, or (B) an authorized
97 representative of an agency or office of the United States, upon written
98 request by the head of such agency or office, when required in the
99 course of duty or when there is reasonable cause to believe that any
100 federal law is being violated, provided no such agency or office shall
101 disclose such returns or return information, other than in a judicial or
102 administrative proceeding to which such agency or office is a party
103 pertaining to the enforcement of state or federal law, as the case may

104 be, in a form which can be associated with, or otherwise identify,
105 directly or indirectly, a particular taxpayer except that the names and
106 addresses of jurors or potential jurors and the fact that the names were
107 derived from the list of taxpayers pursuant to chapter 884 may be
108 disclosed by the Judicial Branch; (2) returns or return information to
109 the Auditors of Public Accounts, when required in the course of duty
110 under chapter 23; (3) returns or return information to tax officers of
111 another state or of a Canadian province or of a political subdivision of
112 such other state or province or of the District of Columbia or to any
113 officer of the United States Treasury Department or the United States
114 Department of Health and Human Services, authorized for such
115 purpose in accordance with an agreement between this state and such
116 other state, province, political subdivision, the District of Columbia or
117 department, respectively, when required in the administration of taxes
118 imposed under the laws of such other state, province, political
119 subdivision, the District of Columbia or the United States, respectively,
120 and when a reciprocal arrangement exists; (4) returns or return
121 information in any action, case or proceeding in any court of
122 competent jurisdiction, when the commissioner or any other state
123 department or agency is a party, and when such information is directly
124 involved in such action, case or proceeding; (5) returns or return
125 information to a taxpayer or its authorized representative, upon
126 written request for a return filed by or return information on such
127 taxpayer; (6) returns or return information to a successor, receiver,
128 trustee, executor, administrator, assignee, guardian or guarantor of a
129 taxpayer, when such person establishes, to the satisfaction of the
130 commissioner, that such person has a material interest which will be
131 affected by information contained in such returns or return
132 information; (7) information to the assessor or an authorized
133 representative of the chief executive officer of a Connecticut
134 municipality, when the information disclosed is limited to (A) a list of
135 real or personal property that is or may be subject to property taxes in
136 such municipality, or (B) a list containing the name of each person who
137 is issued any license, permit or certificate which is required, under the
138 provisions of this title, to be conspicuously displayed and whose

139 address is in such municipality; (8) real estate conveyance tax return
140 information or controlling interest transfer tax return information to
141 the town clerk or an authorized representative of the chief executive
142 officer of a Connecticut municipality to which the information relates;
143 (9) estate tax returns and estate tax return information to the Probate
144 Court Administrator or to the court of probate for the district within
145 which a decedent resided at the date of the decedent's death, or within
146 which the commissioner contends that a decedent resided at the date
147 of the decedent's death or, if a decedent died a nonresident of this
148 state, in the court of probate for the district within which real estate or
149 tangible personal property of the decedent is situated, or within which
150 the commissioner contends that real estate or tangible personal
151 property of the decedent is situated; (10) returns or return information
152 to [the] (A) the Secretary of the Office of Policy and Management for
153 purposes of subsection (b) of section 12-7a, [and] (B) the Office of Fiscal
154 Analysis for purposes of, and subject to the provisions of, subdivision
155 (2) of subsection (f) of section 12-7b, and (C) the revenue accountability
156 commission, established pursuant to section 1 of this act; (11) return
157 information to the Jury Administrator, when the information disclosed
158 is limited to the names, addresses, federal Social Security numbers and
159 dates of birth, if available, of residents of this state, as defined in
160 subdivision (1) of subsection (a) of section 12-701; (12) pursuant to
161 regulations adopted by the commissioner, returns or return
162 information to any person to the extent necessary in connection with
163 the processing, storage, transmission or reproduction of such returns
164 or return information, and the programming, maintenance, repair,
165 testing or procurement of equipment, or the providing of other
166 services, for purposes of tax administration; (13) without written
167 request and unless the commissioner determines that disclosure would
168 identify a confidential informant or seriously impair a civil or criminal
169 tax investigation, returns and return information which may constitute
170 evidence of a violation of any civil or criminal law of this state or the
171 United States to the extent necessary to apprise the head of such
172 agency or office charged with the responsibility of enforcing such law,
173 in which event the head of such agency or office may disclose such

174 return information to officers and employees of such agency or office
 175 to the extent necessary to enforce such law; (14) names and addresses
 176 of operators, as defined in section 12-407, to tourism districts, as
 177 defined in section 10-397; (15) names of each licensed dealer, as
 178 defined in section 12-285, and the location of the premises covered by
 179 the dealer's license; (16) to a tobacco product manufacturer that places
 180 funds into escrow pursuant to the provisions of subsection (a) of
 181 section 4-28i, return information of a distributor licensed under the
 182 provisions of chapter 214 or chapter 214a, provided the information
 183 disclosed is limited to information relating to such manufacturer's
 184 sales to consumers within this state, whether directly or through a
 185 distributor, dealer or similar intermediary or intermediaries, of
 186 cigarettes, as defined in section 4-28h, and further provided there is
 187 reasonable cause to believe that such manufacturer is not in
 188 compliance with section 4-28i; (17) returns, which shall not include a
 189 copy of the return filed with the commissioner, or return information
 190 for purposes of section 12-217z; and (18) returns or return information
 191 to the State Elections Enforcement Commission, upon written request
 192 by said commission, when necessary to investigate suspected
 193 violations of state election laws.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2010</i>	12-15(b)

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Legislative Mgmt.	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The Office of Legislative Management may incur minimal costs associated with mileage reimbursement of 50 cents per mile for legislators participating on the task force.

The Out Years

There are no annualized ongoing fiscal impacts, as the commission terminates by January 1, 2012.

OLR Bill Analysis**HB 5534*****AN ACT ESTABLISHING A REVENUE ACCOUNTABILITY COMMISSION.*****SUMMARY:**

This bill establishes a 17-member Revenue Accountability Commission to review the adequacy, equity, balance, simplicity, economic competitiveness, effectiveness, and efficiency of the state's revenue structure and recommend improvements. It allows the Department of Revenue Services (DRS) commissioner to disclose tax returns or return information to the commission and requires the commission, within statutory limits on disclosing individual tax information, to publicly report aggregated and assimilated tax data.

The commission must report to the Finance, Revenue and Bonding Committee by December 1, 2010 and January 1, 2012. The 2010 report must include the commission's recommended options for tax, exemption, rate, and tax base changes necessary to raise revenue to balance the state budget. The 2012 report must contain the commission's findings and recommendations, including recommendations for a more permanent and sustainable source for ongoing reviews of the state's revenue structure. The commission terminates after submitting its final report or on January 1, 2012, whichever is later.

EFFECTIVE DATE: Upon passage for the commission; October 1, 2010 for the DRS commissioner's authority to disclose tax returns and return information to the commission.

DRS DISCLOSURE OF TAX RETURNS AND RETURN INFORMATION

Under current law, the DRS commissioner is prohibited from

disclosing tax returns and return information except to statutorily specified entities or people and under specified circumstances and conditions. This bill adds the Revenue Accountability Commission to the entities to which the commissioner may disclose such information. The bill imposes no special conditions on such disclosures.

By law, a “return” is any of the following filed with the DRS commissioner by, on behalf of, or with respect to, any person: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. A return includes any amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return (CGS § 12-15 (h)(1)).

“Return information” is (1) a taxpayer's identity; (2) the nature, source, or amount of the taxpayer’s income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, under- or over-reporting, or tax payments; (3) whether the return is, was, or will be examined or investigated; or (4) any other data received, recorded, prepared, or collected by or furnished to the DRS commissioner regarding a return or regarding any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or an offense (CGS § 12-15 (h)(2)).

REVENUE ACCOUNTABILITY COMMISSION

Members, Appointing Authorities, First Meeting

The commission has 17 members: the economic and community development and revenue services commissioners or their designees, the Finance, Revenue, and Bonding committee chairs and ranking members or their designees, and 11 additional members as shown below.

Number	Appointed By	Criteria
2	House speaker	Background as state or local revenue policy managers
2	Senate president pro tempore	Background in labor issues
1	House majority	Representing a policy-focused nonprofit entity

Number	Appointed By	Criteria
	leader	
1	Senate majority leader	Representing large businesses
1	House minority leader	Representing a policy-focused nonprofit entity
1	Senate minority leader	Representing small businesses
3	Commission members, jointly	To ensure the commission includes members with adequate knowledge and background and represents diverse views

Appointments must be made within 30 days after the bill passes. Vacancies are filled by appointing authorities. The commission must hold its first meeting by September 1, 2010. It must select its two chairpersons from among its members. The chairpersons must schedule subsequent meetings, which must occur at least four times per year.

Responsibilities

The bill requires the commission to:

1. gather, analyze, and evaluate all state and local revenue data using proven performance measures;
2. assess the revenue policy environment implications by considering the revenue environments of U.S. cities and states and of foreign cities, provinces, and countries;
3. compare and contrast Connecticut's tax structure with those of neighboring and competing states;
4. consider the short- and long-term consequences of Connecticut's current tax structure compared to those of others studied;
5. use appropriate economic forecasting to judge the viability of the state's revenue streams;
6. identify revenue successes and failures; and

7. review and assess the incidence of sales, income, and business taxes at various income levels and map and model the projected revenue from various rate and base changes.

Information Disclosure and Reporting

The bill requires the commission to make every effort to ensure that its process, data gathering, assessment, and reporting are open, transparent, and available for future use. It must do so by (1) appointing and soliciting information and advice from expert advisory panels on specific issues; (2) holding necessary and appropriate public hearings; (3) publishing, through any available media and on an Internet website, all meeting minutes, information gathered, and reports; and (4) within statutory limits on disclosing individual tax information, report aggregated and assimilated tax data as widely as possible.

In addition to the two required reports to the Finance, Revenue and Bonding Committee, the bill allows the commission to publish, at any time, information developed during its work. It must submit a copy of any such published information to the Finance, Revenue and Bonding Committee.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 40 Nay 15 (04/05/2010)