

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 11-6—SB 1239
Emergency Certification

AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2013, AND OTHER PROVISIONS RELATING TO REVENUE

SUMMARY: This act appropriates funds for state agencies and programs and estimates state revenues for FY 12 and FY 13. It carries forward unspent balances from prior years' appropriations and directs funds to be spent for specific programs and purposes. Among other things, it (1) specifies each town's Education Cost Sharing (ECS) grant, (2) allocates additional funds to reimburse school districts for special education costs, and (3) caps administrative spending at public higher education constituent units. It requires the legislature to approve a concession agreement with state employees and, if necessary, adjust the state budget to achieve savings equal to the difference between the savings from concessions and \$2 billion through the end of FY 13.

The act increases many state taxes, including those on personal income, sales, cigarettes and tobacco products, alcoholic beverages, corporations, real estate conveyances, and diesel fuel. It imposes a temporary tax on electric generation and a new tax on hospital revenue. It requires a specified share of revenue from certain state taxes to be distributed to municipalities.

The act (1) establishes a refundable earned income tax credit, and reduces the maximum property tax credit, against the state income tax; (2) eliminates sales tax exemptions and extends the tax to cover additional services; and (3) requires certain online retailers to collect sales tax on their taxable sales in the state. It also increases motor vehicle fees, including those for driver's licenses and motor vehicle registrations. (PA 11-61 and PA 11-1, June Special Session (JSS), later made numerous changes to the appropriations and revenue provisions of this act but those in PA 11-1, JSS were later repealed.)

EFFECTIVE DATE: July 1, 2011, unless otherwise noted below.

§§1-10 — FY 12 AND FY 13 APPROPRIATIONS

The act appropriates money from the state's 10 appropriated funds for state agency operations and programs in FY 12 and FY 13. Table 1 shows the net annual appropriations for each year from each fund.

TABLE 1: FY 12 & FY 13 APPROPRIATIONS BY FUND*

§	Fund	Net Appropriation	
		FY 12	FY 13
1	General Fund	\$18,350,267,517	\$18,781,811,078
2	Special Transportation Fund	1,303,892,227	1,334,205,705
3	Mashantucket	61,779,907	61,779,907

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	Pequot and Mohegan Fund		
4	Soldiers, Sailors, and Marines' Fund	3,061,036	3,061,536
5	Regional Market Operation Fund	964,897	932,821
6	Banking Fund	26,555,453	26,113,149
7	Insurance Fund	26,621,617	26,131,750
8	Consumer Counsel and Public Utility Control Fund	26,129,247	25,694,813
9	Workers' Compensation Fund	22,259,542	22,037,360
10	Criminal Injuries Compensation Fund	3,493,813	3,602,121

*(PA 11-61, §§ 67-69, changes these net appropriation totals for FYs 12 and 13 for the General Fund, Special Transportation Fund, and Consumer Counsel and Public Utility Control Fund. PA 11-1, JSS, further reduces the net General and Special Transportation Fund appropriations.)

§ 11 — UNALLOCATED PERSONAL SERVICES AND OTHER EXPENSES SAVINGS

For FYs 12 and 13, the act requires the Office of Policy and Management (OPM) secretary to recommend annual spending reductions of \$12,014,800 for personal services and \$9,440,200 for other expenses. The reductions do not apply to the higher education constituent units. (PA 11-48, § 3, amends this provision to require the OPM secretary to monitor personal services expenses and make, instead of recommend, reductions totaling these amounts.)

§ 12 — STATE EMPLOYEES BARGAINING AGENT COALITION (SEBAC) AGREEMENT

The act subjects any negotiated agreement between the state and SEBAC to achieve the labor-management savings specified in the act to legislative approval according to the regular statutory process for approving state employee collective bargaining agreements.

If there is an agreement, the act requires the governor to submit to the legislature, by May 31, 2011, a written plan that includes (1) recommended legislation to apply terms comparable to those in the agreement to nonunion employees for FYs 12 and 13 and (2) if the savings in the agreement are less than \$2 billion over FYs 12 and 13, recommended budget adjustments to achieve savings equal to the difference between the savings in the agreement and \$2 billion. If there is no agreement, the governor's plan must include recommended budget adjustments totaling \$2 billion through the end of FY 13.

By June 8, 2011, the act requires the General Assembly to adopt legislation to (1) apply terms comparable to those in the agreement to nonunion employees for FYs 12 and 13 and (2) the extent the agreement does not provide \$2 billion in savings over the biennium, adjust the budget to achieve those savings.

(PA 11-61, § 165, establishes a special approval method for the tentative

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agreement between SEBAC and the state and revises the timetable and requirements for extending comparable terms to nonunion employees. PA 11-1, JSS, repeals this section and replaces it with a revised SEBAC agreement approval process.)

Finally, the act requires the OPM secretary to reduce spending by up to \$2 billion over the FY 12-13 biennium as provided in any negotiated agreement between the state and SEBAC approved by the General Assembly and in any legislation the General Assembly adopts to (1) extend comparable terms to nonunion employees and (2) adjust the budget to achieve the full \$2 billion in savings over the biennium.

EFFECTIVE DATE: Upon passage

§ 13 — AUTHORITY TO TRANSFER PERSONAL SERVICES APPROPRIATIONS

The act allows the OPM secretary, with Finance Advisory Committee (FAC) approval, to transfer:

1. personal services appropriations in any appropriated fund from agencies to the Reserve for Salary Adjustments account to more accurately reflect collective bargaining and related costs and
2. General Fund appropriations for Reserve for Salary Adjustments to any agency in any appropriated fund to implement salary increases; other employee benefits; agency costs related to staff reductions, including accrual payments; agency general personal services reductions; or any other authorized personal service adjustment.

§§ 14, 15, 17-19, 27, 45, 52, 59, & 66-67 — FUNDS CARRIED FORWARD

Funds Carried Forward for the Same Purpose

The act carries forward various unspent balances from prior years' appropriations and requires them to be used for the same purposes in FY 12 or FY 13 rather than lapsing at the end of the fiscal year (see Table 2).

TABLE 2: FUNDS CARRIED FORWARD FOR THE SAME PURPOSE*

§	Agency	Purpose	Amount	To FY
14 (a)	OPM	Collective bargaining agreements and related costs for FYs 10 and 11	Unspent balance	2012 2013
14 (b)	OPM	Collective bargaining agreements and related costs in General and Special Transportation funds for FY 12	Unspent balance	2013
15	OPM	Cost for (1) design and implementation of a comprehensive statewide technology system for sharing criminal justice information and (2) the Criminal Justice	Unspent balance	2012 2013

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		Information System Governing Board		
17	Motor Vehicles	Commercial Vehicle Information Systems and Networks project	Unspent balance	2012 2013
18 (a)	Motor Vehicles	Upgrading registration and drivers' license data processing systems	Unspent balance	2012 2013
18 (b)	Motor Vehicles	Upgrading registration and drivers' license data processing systems	Up to \$7 million	2012 2013
18 (c)	Motor Vehicles	Upgrading registration and drivers' license data processing systems	Up to \$8.5 million	2012 2013
19	OPM	Health care and pension consulting contract	Unspent balance	2012 2013
27	Developmental Services	Pilot Program for Autism Services: study of issues related to needs of people with autism, including the feasibility of a Center for Autism and Developmental Disabilities	Up to \$125,000	2012
45	Legislative Management	Redistricting	Unspent balance	2012
52	Corrections	Children of Incarcerated Parents	Unspent balance	2012
59	Education	Other Expenses: Litigation costs associated with the <i>Connecticut Coalition for Justice in Education v. Rell</i> lawsuit	Up to \$500,000	2012
66	Environmental Protection	Solid Waste Management Account: <ul style="list-style-type: none"> \$25,000 to hire temporary staff to retrain the regulated community concerning tidal wetlands and high tide lines and to update related publications and documents \$25,000 grant to Urban Oaks Organic Farm in New Britain 	\$50,000	2012
67	Environmental Protection	Emergency Spill Response Account: for a grant to the West River Tide Gate Habitat Restoration Project in New Haven	\$100,000	2012

(*PA 11-48, § 187, adds items to this list.)

§ 16 — FILLING STATE EMPLOYEE POSITIONS

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Unless the governor recommends it and the FAC approves, the act limits the number of positions state agencies may fill to the number recommended by the Appropriations Committee as revised by later General Assembly enactments and set out in the Office of Fiscal Analysis report on the FY 12-13 budget.

§§ 20, 53, 58 & 60-64 — FUNDS CARRIED FORWARD AND TRANSFERRED

The act carries forward and transfers the amounts shown in Table 3.

TABLE 3: FUNDS CARRIED FORWARD AND TRANSFERRED

§	Agency	Amount	From	To	FY
20 (a)	OPM	Up to \$178,828	Other expenses to prevent base closures	Litigation/Settlement Account	2012 2013
20(b)	OPM	Up to \$4 million	Tax Relief for Elderly Renters	Litigation/Settlement Account	2012 2013
53	Auditors of Public Accounts	\$350,000	Personal Services	\$300,000 to Other Expenses; \$50,000 to Equipment	2012
58	Education	Up to \$1 million	Personal Services	Other expenses: Windham School District Takeover	2012
60	Education	Up to \$3.2 million	Sheff Settlement	Up to \$1.2 million to Magnet Schools for the balance of a magnet school supplemental grant to the Capitol Region Education Council (CREC) for FY 11	2011
60	Education	Up to \$3.2 million	Sheff Settlement	Up to \$2 million to OPEN Choice Program for Open Choice seats	2012
61	Education	Up to \$1 million	Development of mastery exams for grades 4, 6, and 8	Program for International Student Assessment (PISA)	2012
62	Education	\$50,000	Personal Services	Other Expenses: Develop a model teacher performance evaluation system for boards of education and regional education service centers	2012
63	Education	\$100,000	Personal Services	Neighborhood Youth Centers: <ul style="list-style-type: none"> • \$75,000 to Original Works in Bridgeport • \$25,000 to ARTE, Inc. in New Haven 	2012
64	Environmental Protection	\$800,000	Emergency Spill Response Account	Councils, Districts, and ERT's Land Use: \$400,000 each year	2012 2013

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§ 21 — TRANSFERS TO MAXIMIZE FEDERAL MATCHING FUNDS

The act allows the governor, with FAC approval, to transfer all or part of an agency's General Fund appropriation, at its request, to another agency to take advantage of federal matching funds, as long as both agencies certify that the receiving agency will spend the money for the original purpose. Federal funds generated from transfers can be used to reimburse General Fund spending, expand services, or both, as the governor, with FAC approval, determines.

§ 22 — FUNDING ADJUSTMENTS TO MAXIMIZE FEDERAL FUNDING

The act allows the governor, with FAC approval, to adjust an agency's General Fund appropriation to maximize federal funding to the state. The governor must present a plan for any adjustment to the Appropriations and Finance, Revenue and Bonding committees.

§ 23 — NEWBORN SCREENING ACCOUNT

For FY 12 and FY 13, the act allocates \$900,000 annually, rather than the statutorily required \$500,000, to the General Fund's newborn screening account. (PA 11-48, § 39 increases this allocation to \$1,121,713.) The funding comes from fees the Department of Public Health (DPH) charges institutions for comprehensive newborn testing, parent counseling, and treatment. DPH must use the money (1) to buy upgraded screening technology and (2) for its testing expenses.

§ 24 — STEM CELL RESEARCH FUND

The act allows the DPH commissioner to use up to \$200,000 per year from the Stem Cell Research Fund in FY 12 and FY 13 for administrative expenses.

§ 25 — PRE-TRIAL ALCOHOL SUBSTANCE ABUSE PROGRAM FUNDING

For FY 12 and FY 13, the act reserves the following annual amounts from the Department of Mental Health and Addiction Services' (DMHAS) appropriations for the Pre-Trial Alcohol Substance Abuse Program: (1) up to \$1.1 million in each year for regional action councils and (2) up to \$510,000 in each year for the Governor's Partnership to Protect Connecticut's Workforce.

§ 26 — DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) COST SETTLEMENTS WITH PRIVATE PROVIDERS

During FY 12 and FY 13, the act requires private organizations providing services under contract with DDS to reimburse DDS for 100% of the difference between the actual expenses incurred and the amount the organization received from DDS under the contract. (PA 11-61, § 87, requires the organizations to reimburse DDS for, rather than during, FYs 12 and 13.)

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§ 28 — DEPARTMENT OF CHILDREN AND FAMILIES-LICENSED PRIVATE RESIDENTIAL TREATMENT FACILITIES

For FY 12 and FY 13, the act eliminates per diem and other rate increases, as well as cost of living adjustments, for private residential treatment facilities licensed by DCF.

§ 29 — FEDERAL REIMBURSEMENT FOR THE DEPARTMENT OF SOCIAL SERVICES DATA WAREHOUSE PROJECT

In compliance with an advanced planning document for developing a data warehouse approved by the federal Department of Health and Human Services, the act authorizes DSS to establish a “receivable” (presumably, a receivable account) for FY 12 and FY 13 for the anticipated reimbursement from the data warehouse project.

§ 30 — DSS AUTHORITY TO ESTABLISH RECEIVABLE ACCOUNT FOR ELECTRONIC TRANSACTIONS

For FY 12, the act permits DSS to establish a receivable account for the anticipated cost of implementing modifications to the Health Insurance Portability and Accountability Act electronic transaction standards. This must be done in compliance with an advanced planning document that the U. S. Department of Health and Human Services approves.

§ 31 — AUTHORITY FOR ADVANCE PAYMENTS TO CERTAIN NURSING HOMES

The act allows the DSS commissioner, after consulting the OPM secretary, to provide payments in advance of normal bill payment processing to nursing homes that provide services eligible for payment under the medical assistance program. The nursing facility must ask for the advance payments. The act limits advances to the estimated amounts due the facility for services to eligible recipients over the most recent two months.

The DSS commissioner must recover the advance either by reducing payments due the facility or through a cash reimbursement from the facility within 90 days after issuing the advance. The act requires the commissioner to take prudent measures to assure that no advances are made to nursing homes in danger of insolvency or bankruptcy and allows him or her to execute appropriate agreements to secure repayment.

§§ 32 & 34 — UCONN HEALTH CENTER AND VETERANS’ AFFAIRS DISPROPORTIONATE SHARE TRANSFERS

The act allows the OPM secretary to transfer all or part of any FY 12 or FY 13 appropriation for the UConn Health Center or the Department of Veterans’ Affairs to DSS’ Disproportionate Share (DSH)-Medical Emergency Assistance account in order to maximize federal reimbursement.

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§ 33 — DSS PAYMENTS TO DMHAS HOSPITALS

The act requires DSS to spend money appropriated to it for FY 12 and FY 13 for DMHAS/Medicaid Disproportionate Share payments when and in the amounts OPM specifies. DSS must make payments to DMHAS hospitals for operating expenses and related fringe benefits. Hospitals must reimburse the comptroller for the fringe benefit payments and deposit the other funds to “grants – other than federal accounts.” Unspent DSH funds in the “grants” account must lapse at the end of each fiscal year.

§ 35 — BIRTH-TO-THREE PROGRAM

For FY 12 and FY 13, the act requires the State Department of Education (SDE) to annually transfer \$1 million of the federal special education funds it receives to DDS for the Birth-to-Three Program to carry out special-education-related requirements consistent with federal special education law.

§ 36 — PRIORITY SCHOOL DISTRICT GRANTS

The act distributes the priority school district grant appropriation to state education programs in the amounts shown in Table 4.

TABLE 4: PRIORITY SCHOOL DISTRICT GRANT ALLOCATIONS

<i>Grant</i>	<i>FY 12</i>	<i>FY 13</i>
Priority School Districts	\$40,319,326	\$39,792,940
School Readiness	69,813,189	69,813,190
Extended School Building Hours	2,994,752	2,994,752
School Accountability	3,499,699	3,499,699

§ 37 — EDUCATION COST SHARING (ECS) GRANTS TO TOWNS

The act overrides the statutory formula for calculating ECS grants and specifies each town’s ECS grant for FY 12 and FY 13. Under the act, each town’s grant is the same for both years and the same as for FY 10 and FY 11.

§ 38 — TRANSPORTATION GRANTS FOR FORMER WRIGHT TECH STUDENTS

The act continues a separate state grant to reimburse school districts for the costs of transporting students who previously attended or were accepted for enrollment in the J.M. Wright Technical High School in Stamford so they may attend Henry Abbott Technical High School in Danbury. It allows the education commissioner, within available appropriations, to provide grants of up to \$2,500 per pupil for FY 12 and FY 13. Grant amounts may not exceed actual transportation costs for each student. Districts must submit grant applications when and how the commissioner prescribes. The act’s grant program is in addition to existing statutory grants for public school and vocational-technical school transportation costs.

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§ 39 — PRIVATE OCCUPATIONAL SCHOOL STUDENT PROTECTION ACCOUNT

The act overrides statutory restrictions to allow the Department of Higher Education (DHE) to spend \$301,000 in FY 12 and \$310,000 in FY 13 from the private occupational school student protection account.

§ 40 — CONNECTICUT INDEPENDENT COLLEGE STUDENT GRANT PROGRAM

The act bars Yale University from receiving an annual allocation from the appropriation for Connecticut Independent College Student (CICS) grants for FY 12 or FY 13.

It also requires the higher education commissioner to review the CICS Program to evaluate the benefits and cost-effectiveness of (1) the formula for deriving the annual appropriation, (2) the way annual allocations for each independent college or university are made, and (3) how the aid amounts for individual students are determined. The commissioner must report his findings and recommendations to the Higher Education and Appropriations committees by January 1, 2012. (PA 11-61, § 145, requires the executive director of the Office of Financial and Academic Affairs for Higher Education to conduct the review in consultation with staff from participating institutions. It also changes the study's requirements.)

§ 41 — NEIGHBORHOOD YOUTH CENTER GRANTS

The act directs the SDE to provide the following grants in each year from its FY 12 and FY 13 appropriations for neighborhood youth centers:

1. \$990,000 for the Boys and Girls Clubs of Connecticut, with up to \$90,000 to the Boys and Girls Club of Bridgeport, contingent on the organization's providing a 100% cash match for the grants; and
2. funds for the following organizations, contingent on their matching at least 50%, with a cash match of at least 25%, of the grant amount:
 - (a) up to \$348,300 for Centro San Jose, Hill Cooperative Youth Services, Inc., and Central YMCA in New Haven;
 - (b) up to \$78,300 for Trumbull Gardens in Bridgeport;
 - (c) up to \$45,000 for the Valley Shore YMCA in Westbrook;
 - (d) up to \$22,500 for the Rivera Memorial Foundation, Inc. of Waterbury; and
 - (e) up to \$22,500 for the Willow Plaza Neighborhood Revitalization Zone Association in Waterbury.

§ 42 — JOHN DEMPSEY HOSPITAL FRINGE BENEFITS

The act requires the state comptroller to pay the difference, up to \$13.5 million per year for FYs 12 and 13, between the state fringe benefit rate for Dempsey Hospital employees and that for private hospitals from the General

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Fund appropriations for State Comptroller – Fringe Benefits.

§ 43 — SUPPLEMENTAL SPECIAL EDUCATION EXCESS COST GRANTS

The act allocates additional funds for FY 12 and FY 13 to supplement a state grant that reimburses school districts for certain costs of special education and related services. The supplemental grant provides additional reimbursement for costs that exceed for (1) children placed by state agencies, the district’s average per-pupil educational cost for the previous school year and (2) locally placed children, 4.5 times that average. The act lists the specific additional grant each school district must receive and requires each to receive the same amount in both years.

§ 44 — HIGHER EDUCATION ADMINISTRATIVE SPENDING LIMITS

The act limits certain administrative spending by higher constituent units to no more than specified percentages of General Fund appropriations and operating fund spending in FYs 12 and 13 as shown in Table 5. The limits do not apply to federal, private, capital bond, and fringe benefit funds.

TABLE 5: HIGHER EDUCATION SPENDING LIMITS

<i>Function</i>	<i>Unit</i>	<i>% of General Fund Appropriations and Operating Funds Expenditures</i>	
		<i>FY 12</i>	<i>FY 13</i>
System office spending, excluding telecommunication center funds, capital equipment bond funds for identified system-wide projects benefiting individual campuses, and data center funds	Community-Technical Colleges	1.43%	1.4%
	Connecticut State University System	1.01%	1.0%
Institutional administration spending (system office, executive management, fiscal operations, and general administration but not logistical services, administrative computing, and development)	Community-Technical Colleges	9.92%	9.9%
	Connecticut State University System	6.77%	6.75%
	UConn	3.13%	3.1%

The act requires the higher education commissioner, within available appropriations, to monitor compliance with the limits and report his findings to the Higher Education and Appropriations committees within 60 days of the end of each quarter of FYs 12 and 13.

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§§ 46 & 47 — ALLOCATIONS FROM THE TOBACCO AND HEALTH TRUST FUND

The act allocates the following amounts for FY 12 and FY 13 from the Tobacco and Health Trust Fund:

1. \$500,000 per year to the UConn Health Center for the Connecticut Health Information Network;
2. \$1.45 million per year to DPH for the following grants:
 - a. within the Easy Breathing Program, \$300,000 annually for an adult asthma program and \$500,000 annually for a children's asthma program,
 - b. \$150,000 annually to the Coalition for Environmental Justice for the Community Asthma Education Program, and
 - c. \$500,000 annually to regional councils for emergency medical services (PA 11-44, § 87, changes the recipients to regional emergency medical services); and
3. \$2.75 million for FY 12 and \$3.4 million for FY 13 to DSS for Medicaid to support smoking cessation programs.

§ 48 — EMERGENCY ENERGY ASSISTANCE

The act requires the annual \$1.1 million appropriation for FY 12 and FY 13 to the Department of Energy and Environmental Protection (DEEP) for Operation Fuel to be used for emergency energy assistance for households with income levels under 200% of the applicable federal poverty level (FPL) that cannot make timely payments on energy bills. Operation Fuel must pay companies directly for all energy sources provided to qualified households. The emergency assistance can be for any energy use, including cooling.

The act allocates \$100,000 of the appropriated funds in each fiscal year to OPM for a grant to Operation Fuel for its operating expenses in administering emergency home cooling assistance. (PA 11-48, § 5, appropriates the funds to DEEP rather than OPM for operating expenses in administering emergency home energy, rather than cooling, assistance.)

§ 49 — FISH HATCHERY PRIVATIZATION PLAN

The act requires the environmental protection commissioner to prepare a plan to privatize state fish hatcheries. The commissioner must submit the plan to the Environment and Appropriations committees by January 1, 2012.

EFFECTIVE DATE: Upon passage

§ 50 — ALLOCATIONS FROM THE PROBATE COURT ADMINISTRATION FUND SURPLUS

On June 30, 2011, the act transfers \$2.335 million from the Probate Court Administration Fund surplus for the following purposes instead of to the General Fund:

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1. \$500,000 to the Judicial Department's Court Support Services Division for a male youth leadership pilot program to provide services in targeted communities to high-risk males with low academic achievement;
2. \$1 million to the Kinship Fund and Grandparents and Relatives Fund, administered by the Children's Trust Fund Council and DSS through the Probate Court;
3. \$35,000 to the Judicial Department to expand the Children in Placement, Inc. program in Danbury (PA 11-48, § 42, increases this allocation to \$50,000 and specifies that it is transferred to the Judicial Department for Other Expenses, for this purpose); and
4. \$800,000 to the Children's Trust Fund administered by the Children's Trust Fund Council and DSS.

(PA 11-48, § 42, and PA 11-61, § 100, add other transfers to this list.)

On June 30, 2012, it transfers \$1.035 million of the surplus to the following programs, and any remaining surplus to the General Fund:

1. \$1 million to the Kinship Fund and Grandparents and Relatives Fund, administered by the Children's Trust Fund Council and DSS through the Probate Court, and
2. \$35,000 to the Judicial Department to expand the Children in Placement, Inc. program in Danbury. (PA 11-48, § 42, increases this allocation to \$50,000 and specifies that it is transferred to the Judicial Department for Other Expenses, for this purpose. PA 11-48, § 42, and PA 11-61, § 100, add other transfers to this list.)

EFFECTIVE DATE: Upon passage

§ 51 — PLAN TO CONSOLIDATE WORKERS' COMPENSATION COMMISSION DISTRICT OFFICES

The act requires the Workers' Compensation Commission chairman to study the feasibility of consolidating the commission's district offices to achieve administrative efficiencies. He must report his findings and any recommended legislation to the Appropriations Committee by January 1, 2012.

EFFECTIVE DATE: Upon passage

§ 54 — INTERDISTRICT MAGNET SCHOOL OPERATING GRANT FOR EDISON MAGNET SCHOOL

The act extends for an additional two years the higher per-student state magnet school operating grant for each Meriden student attending the Thomas Edison Interdistrict Magnet School in Meriden. Under the act, Edison continues to receive \$3,833 rather than \$3,000 for each Meriden student enrolled in the school through FY 13. Under prior law, the higher grant was discontinued after FY 11.

For FY 12 and FY 13, the act also freezes the school's annual state grant of \$6,730 for each student from outside Meriden.

§ 55 — SUPPORTIVE HOUSING SERVICES

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The act allows the DSS, DMHAS, and Correction commissioners; OPM secretary; and Court Support Services Division executive director to develop a plan for providing supportive housing services, including necessary rental subsidies, for an additional 160 people and families identified as frequent users of expensive state services in FY 12 and FY 13. The officials may conclude memoranda of understanding to reallocate necessary support and housing resources for this purpose, within existing appropriations.

§ 56 — PLAN FOR OPERATING COST SAVINGS AND EFFICIENCIES AT UCONN AND THE UCONN HEALTH CENTER

The act requires UConn's president to identify cost savings and efficiencies in operations at UConn and the UConn Health Center and submit a report with her recommendations, including recommendations for legislation, to the Higher Education and Appropriations committees by January 1, 2012.

EFFECTIVE DATE: Upon passage

§ 57 — PRIORITY SCHOOL DISTRICT SUPPLEMENTAL GRANTS

The act reduces the total annual funding for a supplemental priority school district (PSD) grant to all priority districts by \$523,665, from \$3,740,573 to \$3,216,908 for FY 12, and by a further \$287,544, from \$3,216,908 to \$2,929,364, for FY 13. It appears that, under the act, for FY 14 and thereafter, the annual funding is set at \$3,217,908.

By law, the State Board of Education must allocate a share of these supplemental funds to each priority district in proportion to its regular PSD grant. The money is in addition to all other PSD grants each district receives.

§ 65 — INSTITUTIONAL ELIGIBILITY FOR PARTICIPATION IN CT INDEPENDENT COLLEGE STUDENT GRANT PROGRAM

In order to receive a state funds allocation for student financial aid under the CICS grant program, the act requires a private college to (1) be a nonprofit institution, (2) have its home campus in Connecticut, (3) have authority from the Board of Governors of Higher Education to award degrees, and (4) not be primarily devoted to training students for religious vocations. It eliminates a provision that allowed accredited institutions that do not meet these criteria to continue to participate in the CICS program if they were participating as of June 30, 1983 and to remain participants even if there is a change in their corporate structure.

The elimination of this grandfather provision eliminates for-profit institutions from the CICS program.

§§ 68-73 — RESERVED AMOUNTS FROM APPROPRIATIONS FOR EDUCATION PROGRAMS

The act reserves certain amounts from various line items in SDE's budget for particular purposes as shown in Table 6.

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TABLE 6: RESERVED AMOUNTS FROM SDE LINE-ITEM APPROPRIATIONS

§	SDE Line Item Appropriation for	Reserved for	Amount	
			FY 12	FY 13
68	Regional Education Services	Alternative route to certification program	\$313,181	\$313,181
69	Health and Welfare Services for Pupils at Private Schools	Evaluation of the health services delivered to students in both public and private nonprofit schools	\$20,000	\$20,000
70	School Accountability	PSAT examinations for students in (1) District Reference Group (DRG) I; (2) state vo-tech schools; and (3) Ansonia, Coventry, East Hartford, Putnam, and Stamford	\$200,000	\$200,000
71	After-School Program	Plainville school district	Up to \$50,000	Up to \$50,000
		Thompson school district	Up to \$25,000	Up to \$25,000
		Montville school district	Up to \$25,000	Up to \$25,000
72	Headstart-Early Childhood Link	Action for Bridgeport Community Development, Inc.'s Total Learning Initiative	Up to \$1,200,000	Up to \$1,200,000
73	Interdistrict Cooperative	Sound School in New Haven	Up to \$331,000	Up to \$331,000
		Bristol-Plymouth Regional Technical School abuse education program	Up to \$150,000	Up to \$150,000

§ 74 — SERVICES FOR CHILDREN ON PAROLE

By July 1, 2011, the act requires DCF and the Judicial Department to conclude a memorandum of understanding to implement the appropriate transfer of funds and services between the two agencies to provide services for children on parole in FYs 12 and 13. (PA 11-61, § 181, repeals this provision.)
EFFECTIVE DATE: Upon passage

§ 75 — INSURANCE PREMIUM TAX CREDIT LIMIT

For 2011 and 2012, the act generally lowers, from 70% to 30%, the amount by which an insurer can reduce its annual insurance premium tax liability through tax credits. It exempts insurance reinvestment fund tax credits from this cap, thus allowing an insurer to continue to apply these credits to reduce its tax liability by up to 70% in 2011 and 2012. It also allows an insurer to offset additional tax liability in these income years if it adds employees. The act makes the credit limit apply to calendar years, rather than income years.

Under the act, an insurer may offset additional tax liability for 2011 and 2012 by an amount equal to \$6,000 times its average net monthly increase in employees, up to 100% of its total tax liability. The average net employee gain must be calculated by adding the insurer's total increase in employees for the applicable year and dividing by 12. In order for an employee to count, he or she must (1) be required to work at least a 35-hour week and (2) not have been employed in Connecticut by the insurer's "related person" within 12 months

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before the applicable calendar year (see BACKGROUND). A company may not exceed the 30% credit limit if its average net employee gain is zero or less than zero.

(PA 11-61 later amended these provisions to add an additional credit limit for digital animation tax credits and specify the order in which certain credits must be claimed against the insurance premium tax.)

EFFECTIVE DATE: Upon passage, and applicable to calendar years beginning January 1, 2011.

§§ 76-79 — CORPORATION TAX

§§ 76 & 79 — *Surcharge*

The act imposes a 20% tax surcharge on certain corporations for the 2012 and 2013 income years. Under prior law and the act, a 10% corporation tax surcharge expires at the end of the 2011 income year. As under prior law, the surcharge for 2012 and 2013 applies to companies that have more than \$250 in corporation tax liability and either (1) have at least \$100 million in annual gross income in those years or (2) file combined or unitary returns.

§ 78 — *Credit Limit*

By law, companies are barred from using tax credits to reduce their annual corporation tax liability by more than 70%. Under the act, for the 2011 and 2012 income years, a company may offset additional tax liability beyond 70% by adding employees. The credit for hiring new employees is calculated the same way as the credit against the insurance premium tax (see above).

EFFECTIVE DATE: Upon passage, and applicable to income years starting on or after January 1, 2011.

§ 77 — FILM PRODUCTION TAX CREDIT

The law allows film production companies to sell, assign, or transfer film production tax credits to other taxpayers with tax liabilities. The act limits the percentage of a credit such companies may transfer in one income year to (1) 50% of any credit allowed for the 2011 income year and (2) 25% of any credit allowed for the 2012 and any subsequent income year.

The act exempts from the transfer limitations (1) transfers by companies not subject to the corporation or insurance premium tax and (2) credits issued for any production that the Department of Economic and Community Development (DECD) commissioner determines is created in whole or significant part in a “qualified production facility.” Under the act, a “qualified production facility” is a Connecticut facility that (1) is intended for film, television, or digital media production and (2) has a minimum investment of \$3 million, or less if the DECD commissioner determines it otherwise qualifies. (PA 11-61 also exempts companies not subject to the corporation or insurance premium tax if they own, directly or indirectly, at least 50% of another entity subject to the business entity tax.)

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Finally, the act retroactively increases, from 25% to 50%, the minimum share of principal photography days a production company must spend in the state on or after January 1, 2010 to qualify for a film production tax credit. By law, unchanged by the act, a production company can also qualify for a credit if it spends at least (1) 50% or (2) \$1 million of its post-production costs in Connecticut on or after January 1, 2010.

EFFECTIVE DATE: Upon passage, and applicable to income years beginning on or after January 1, 2011.

§§ 80-82 — CIGARETTE TAX

The act increases the cigarette tax from \$3 to \$3.40 per pack.

It also imposes a 40-cent tax on each pack of cigarettes that dealers and distributors have in their inventories at the earlier of the close of business or 11:59 p.m. on June 30, 2011. By August 15, 2011, each dealer and distributor must report to the Department of Revenue Services (DRS) the number of cigarettes in inventory as of June 30, 2011 and pay the floor tax. If a dealer or distributor does not report by the due date, the DRS commissioner must file the report, estimating the number of cigarettes in the dealer's or distributor's inventory using any information the commissioner has or obtains. If this occurs, the dealer or distributor is subject to a penalty of 10% of the tax due or \$50, whichever is greater, plus interest of 1% per month.

Failure to file the report by the due date is grounds for DRS to revoke or not renew a cigarette dealer's or distributor's license and any other DRS-issued license or permit the person or entity holds. Willful failure to file subjects the dealer or distributor to a fine of up to \$1,000, one year in prison, or both. A dealer or distributor who willfully files a false report can be fined up to \$5,000, sentenced to one to five years in prison, or both. Late filers are also subject to the same interest and penalties as apply to other late cigarette tax payments, namely, 10% of the tax due or \$50, whichever is greater, plus interest of 1% per month.

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date. The inventory tax is effective on passage.

§ 83 — TOBACCO PRODUCTS TAX

The act increases the tax on (1) snuff tobacco from 55 cents to \$1 per ounce, and (2) on all other tobacco products from 27.5% to 50% of the wholesale price. A later act (PA 11-61, § 38) caps the tax on cigars at 50 cents each.

The tobacco products tax applies to cigars, cheroots, pipe tobacco, and similar products, but not cigarettes.

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date.

§§ 84-87 & 119 — ESTATE AND GIFT TAXES

Tax Threshold

The act lowers the estate and gift tax threshold from \$3.5 million to \$2 million and extends the existing 7.2% rate to estates and gifts valued at between \$2

million and \$3.5 million. Table 7 shows the prior and new tax rates.

TABLE 7: PRIOR AND NEW ESTATE AND GIFT TAXES

VALUE OF TAXABLE ESTATE OR GIFT		PRIOR TAX (Add cols. C & D)		NEW TAX (Add cols. E & F)	
Col A: Over	Col B: But not over	Col C Tax on Col. A	Col D: Tax rate on excess over Col A	Col E: Tax on Col. A	Col F: Tax rate on excess over Col A
0	\$2,000,000	NO TAX		NO TAX	
2,000,000	3,500,000	NO TAX		7.2% of the excess over \$2,000,000	
3,500,000	3,600,000	7.2% of the excess over \$3,500,000		7.2% of the excess over \$2,000,000	
3,600,000	4,100,000	\$7,200	7.8%	\$115,200	7.8%
4,100,000	5,100,000	46,200	8.4%	154,200	8.4%
5,100,000	6,100,000	130,200	9.0%	238,200	9.0%
6,100,000	7,100,000	220,200	9.6%	328,200	9.6%
7,100,000	8,100,000	316,200	10.2%	424,200	10.2%
8,100,000	9,100,000	418,200	10.8%	526,200	10.8%
9,100,000	10,100,000	526,200	11.4%	634,200	11.4%
Over \$10,100,000		640,200	12.0%	748,200	12.0%

Filing Estate Tax Returns

The act makes a conforming change in requirements for filing tax returns with the probate court. By law, all estates, regardless of their gross value, must file an estate tax return. If the estate’s value is more than the taxable threshold, the executor must file the return with DRS, with a copy to the probate court for the district where the decedent lived or, if the decedent was not a Connecticut resident, where the Connecticut property is located. If the estate’s value is below the tax threshold, the return must be filed only with the appropriate probate court. The probate judge must review the return and issue a written opinion to the estate’s representative if the judge determines it is not subject to the estate tax.

Under prior law, the threshold for filing an estate tax return only with the probate court from someone who died on or after January 1, 2010 was \$3.5 million. Starting with deaths on or after January 1, 2011, the act reduces that threshold to \$2 million.

Release of Estate Tax Liens

The act also makes a conforming change in requirements for releasing estate tax liens.

By law, a person who does not owe, or who has paid, the estate tax receives a certificate releasing the lien on his or her interest in real property in the estate. The probate court is required to issue all lien release certificates for estates below the estate tax threshold. Prior law required probate courts to issue all lien release certificates for estates of \$3.5 million or less, starting with deaths on or after January 1, 2010. The act reduces the threshold to \$2 million for deaths occurring on or after January 1, 2011.

A later act (PA 11-61) validates lien release certificates issued and recorded before May 4, 2011 (this act’s effective date) for estates of those who died on or after January 1, 2011.

EFFECTIVE DATE: Upon passage, and applicable to deaths occurring and gifts

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made on or after January 1, 2011.

§§ 88-94, 97, 126-127, & 166 — SALES AND USE TAX

§§ 93-94, 97, & 126-127 — Tax Rate Increases

The act increases general sales and use tax rates from 6% to 6.35% and the hotel tax rate from 12% to 15%. It also increases, by one cent, the flat sales and use tax on items sold for \$1.08 or less, as shown in Table 8.

TABLE 8: SALES TAX ON ITEMS SOLD FOR \$1.08 OR LESS*

Price	Prior Tax	New Tax
8 cents or less	0	1 cent
9 to 24 cents	1 cent	2 cents
25 to 41 cents	2 cents	3 cents
42 to 58 cents	3 cents	4 cents
59 to 74 cents	4 cents	5 cents
75 to 91 cents	5 cents	6 cents
92 cents to \$1.08	6 cents	7 cents

*(PA 11-6, § 43, changes these amounts.)

The act does not change the lower tax rates for sales of (1) motor vehicles to active duty U.S. military members stationed in Connecticut (4.5%) or (2) computer and data processing services (1%).

§§ 93 & 97 — *Luxury Goods Tax*

The act imposes a 7% sales and use tax on the full sales price of motor vehicles, boats, jewelry, clothing, and footwear costing more than:

1. \$50,000 for motor vehicles, with certain exceptions (see below);
2. \$100,000 for boats;
3. \$5,000 for jewelry (real or imitation); and
4. \$1,000 for clothing, footwear, handbags, luggage, umbrellas, wallets, and watches.

It excludes from the luxury tax any motor vehicle costing more than \$50,000 that (1) is purchased by an active duty U.S. military member stationed in Connecticut, (2) weighs over 12,500 pounds, or (3) weighs 12,500 pounds or less and is designed or used for commercial purposes and for which the Department of Motor Vehicles (DMV) issued a commercial or more specific type of registration.

§ 93 — *Rental Car Tax*

The act increases the sales and use tax on short-term car rentals (30 days or less) from 6% to 9.35%.

§§ 88-92 & 166 — *Sales & Use Tax Extensions*

The act eliminates specified sales tax exemptions and extends the tax to additional services as shown in Table 9.

TABLE 9: SALES & USE TAX EXTENSIONS

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<i>Exemptions Eliminated</i>	<i>New Services Taxed (§ 92)</i>
Evaluation, prevention, treatment, containment, or removal of hazardous waste (§ 88)	Motor vehicle storage, including storage for motor homes, campers, and camp trailers, but excluding self-storage units, which are already taxable
Valet parking at any airport (§ 89)	Packing and crating, other than that provided by retailers in connection with the sale of tangible personal property
Yoga instruction at a yoga studio (§ 91)	Motor vehicle towing and road services, other than repairs
Clothing and footwear costing less than \$50, including charges for selling such items on consignment (§§ 90 & 166) (PA 11-61, § 41 restores the exemption for charges for selling such items on consignment.)	Intrastate transportation via limousine, community car, or van with a driver, excluding taxis, buses, ambulances, scheduled public transportation, and funerals (PA 11-61, § 41 excludes additional types of transportation services.)
Non-prescription drugs and medicine (§ 166)	Pet grooming, boarding, and obedience classes, other than grooming or boarding provided as an integral part of veterinarian services
Cloth or fabric for non-commercial sewing (§ 166)	Cosmetic medical procedures, defined as medical procedures aimed at improving appearance and that do not promote proper body functions or prevent or treat illness or disease. Reconstructive surgery remains exempt.
Property or services used in operating solid waste-to-energy facilities (§ 166) (PA 11-61, § 95 restores this exemption.)	Manicure, pedicure, and other nail services, regardless of where they are performed
Yarn (§ 166)	Spa services, including body waxing and wraps, peels, scrubs, and facials, regardless of where they are performed
Smoking cessation products (§ 166)	

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date. (PA 11-61 also made the sales and use tax increases applicable to sales of services billed to customers for a period that includes July 1, 2011.)

§§ 93, 95, 96, & 103 — TAX REVENUE ALLOCATED TO MUNICIPALITIES

The act allocates a portion of the revenue from the following taxes to municipalities: (1) sales and use and luxury taxes, (2) hotel and car rental taxes, and (3) real estate conveyance taxes.

Municipal Revenue Sharing Account

The act allocates the following to a nonlapsing Municipal Revenue Sharing Account in the General Fund:

1. 1.57% of the revenue from the 6.35% sales tax on most taxable goods and

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services;

2. 1.43% of the revenue from the 7% luxury tax; and
3. 33% and 20%, respectively, of the revenue from the state real estate conveyance tax on (a) sales of unimproved land and certain bank foreclosures and on the first \$800,000 of the sale price of a residential property and (b) sales of nonresidential property and any amount of the sale price of a residential property that exceeds \$800,000.

The DRS commissioner must deposit the revenue in the account quarterly and the account must contain any funds required by law to be deposited in it.

The OPM secretary must use account funds first for manufacturing transition grants to municipalities. The grants must equal (1) the amount each town received in FY 11 as a payment in lieu of taxes (PILOT) for eligible commercial vehicles and manufacturing machinery and equipment and for certain real property in enterprise zones or (2) if a town did not receive payments in FY 11 due to a filing error, its estimated FY 12 payments.

The secretary must distribute any remaining funds to municipalities as follows:

1. 50% on a per capita basis, according to the most recent federal 10-year census; and
2. 50% according to an existing property tax relief formula that apportions funds based on a municipality's population, adjusted equalized net grand list per capita, and the per capita income of town residents. (PA 11-61, § 44, significantly modifies these provisions and specifies the amount of each town's manufacturing transition grant.)

Regional Performance Incentive Account

The act establishes the Regional Performance Incentive Account as a separate, nonlapsing General Fund account and requires that it contain any funds required by law to be deposited in it. It requires the DRS commissioner to allocate the following to the account every quarter: (1) 6.7% of the revenue from the 15% hotel tax and (2) 10.7% of the revenue from the 9.35% rental car tax.

The OPM secretary must use the account for the existing regional performance incentive grant program, under which the secretary awards grants to regional entities to provide a local service on a regional basis.

§§ 98 & 99 — ALCOHOLIC BEVERAGES TAX

The act increases the tax on alcoholic beverages (e.g., beer, wine, and liquor) by 20%. It requires sellers to pay an additional tax on alcoholic beverages in their inventories as of the opening of business or July 1, 2011, whichever is earlier. Prior and new rates for the alcoholic beverages tax and the inventory tax are shown in Table 10.

TABLE 10: PRIOR AND NEW ALCOHOLIC BEVERAGES TAXES

	<i>Unit Taxed</i>	<i>Prior Tax</i>	<i>New Tax</i>	<i>New Per-Unit Inventory Tax</i>
BEER AND CIDER				

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Beer and cider with no more than 7% alcohol	Barrel	\$6.00	\$7.20	\$1.20
	1/2 barrel	3.00	3.60	0.60
	1/4 barrel	1.50	1.80	0.30
	Wine gallon* or fraction under ¼ barrel	0.20	0.24	0.04
WINE				
Still wines with no more than 21% alcohol	Wine gallon*	0.60	0.72	0.12
Still wines with no more than 21% alcohol produced by a person producing no more than 55,000 wine gallons annually	Wine gallon*	0.15	0.18	0.03
Still wines with more than 21% alcohol and sparkling wines	Wine gallon*	1.50	1.80	0.30
LIQUOR AND LIQUOR COOLERS				
Liquor	Wine gallon*	4.50	5.40	0.90
Alcohol – more than 100 proof	Proof gallon*	4.50	5.40	0.90
Liquor coolers with no more than 7% alcohol by volume	Wine gallon*	2.05	2.46	0.41

*A wine gallon is 128 ounces. A proof gallon is a measurement based on volume and alcohol content.

The act requires sellers to file an inventory report with DRS and pay the tax due on the inventory by August 15, 2011. If a seller fails to file an inventory report and pay the tax by that date, the DRS commissioner must estimate the seller's inventory tax based on information he has or obtains. Regular provisions of the alcoholic beverages tax laws concerning failure to file returns, DRS examination of returns, deficiency assessments or assessments for failure to file a return, tax collection, penalties, and interest apply to the act's inventory tax. Under those provisions, someone who fails to pay the tax on time is subject to a penalty of 10% of the tax due with a \$50 minimum and interest at the rate of 1% per month from the tax due date to the payment date. The act also makes failure to file a report and pay the tax on time grounds to revoke any other DRS-issued license or permit the seller possesses.

The act requires the Department of Consumer Protection (DCP) commissioner to cooperate with the DRS commissioner to enforce the inventory tax.

EFFECTIVE DATE: Upon passage, and applicable to sales occurring on or after July 1, 2011.

§§ 100 & 101 — DIESEL FUEL TAX

The act increases the base tax on diesel fuel from 26 cents to 29 cents per gallon. It imposes a three-cent inventory tax on each gallon of diesel fuel that licensed sellers have in inventory as of either the close of business or 11:59 p.m. on June 30, 2011, whichever is earlier. It requires dealers, by August 1, 2011, to (1) report to the DRS commissioner the number of gallons of fuel they had in inventory at that time and (2) pay the inventory tax.

Amounts not paid by the due date accrue 1% interest per month or part of a month until paid. If a dealer fails to file an inventory report by that date, the DRS commissioner must estimate the number of gallons of fuel in the seller's inventory

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based on information he has or obtains. Failure to file the inventory report or filing an incorrect report must be treated as if the dealer failed to file other required motor vehicle tax reports, or filed them incorrectly, subjecting the dealer to, among other things, a penalty of 10% of the tax due or \$50, whichever is greater. In addition, failure to file inventory reports and pay the excise tax are grounds for revoking any other DRS-issued licenses or permits the dealer holds.

The DMV commissioner must cooperate with the DRS commissioner to enforce the tax.

EFFECTIVE DATE: The tax increase is effective July 1, 2011. The inventory tax is effective upon passage.

§§ 102 & 103 — REAL ESTATE CONVEYANCE TAX

The act (1) increases state real estate conveyance tax rates by 0.25%, and (2) makes permanent the 0.25% base municipal real estate conveyance tax, previously scheduled to expire on June 30, 2011.

The real estate conveyance tax has two parts: a state tax and a municipal tax. The applicable state and municipal rates are combined to get the total tax rate for a particular transaction. The combined rate is applied to the sale price.

Under prior law, the state portion of the tax was 0.5% of (1) the first \$800,000 of the sale price of a residential property and (2) the full sale price of unimproved land and certain bank foreclosures for mortgage delinquencies. A 1% rate applied to (1) sales of nonresidential property other than unimproved land and (2) any portion of the sale price of a residential dwelling that exceeds \$800,000 (the so-called “mansion tax”). The act increases these rates to 0.75% and 1.25%, respectively.

In addition to the state tax, a seller must pay a state-specified conveyance tax to the municipality where the property is located. The prior municipal tax rate, scheduled to expire on June 30, 2011, was 0.25% for all towns plus an additional tax of up to 0.25% in 18 eligible towns that choose to impose the increased rate. The act makes permanent the base tax rate of 0.25% for all towns. The additional 0.25% tax in eligible towns remains unchanged.

EFFECTIVE DATE: July 1, 2011, and applicable to conveyances occurring on or after that date.

§ 104 — ELECTRIC GENERATION TAX

The act imposes a temporary tax on electric generation facilities of $\frac{1}{4}$ of a cent per net kilowatt hour (kwh) of electricity generated and uploaded into the regional bulk power grid at Connecticut facilities. The tax, which expires on June 30, 2013, applies to all electricity except that generated through use of a fuel cell or alternative energy system, such as a solar or wind system. (PA 11-61 and PA 11-233 later amended this provision to also exempt electricity generated by (1) a resources recovery facility or (2) customer-side distributed resources.)

The tax is payable quarterly starting by October 31, 2011 and thereafter, by the last day of January, April, July, and October, through June 30, 2013. Each taxpayer must file a DRS-prescribed return that reports the kwhs generated during

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the calendar quarter ending the preceding month and whatever other information the commissioner considers necessary. Taxpayers must file returns and pay taxes electronically. Late payments are subject to a penalty of 10% of the tax due or \$50, whichever is greater, plus interest of 1% per month. The DRS audit, collection, and other tax administration procedures applicable to the admissions and dues taxes apply to the generator tax except where inconsistent.

The act allows the comptroller to count as revenue for FY 12 and FY 13, respectively, any generation tax revenue DRS receives within five business days after the July 31st following the end of those fiscal years.

§ 105 — ADMISSIONS TAX EXEMPTIONS ELIMINATED

The act eliminates exemptions from the 10% admissions tax for the facilities and events shown in Table 11.

TABLE 11: ADMISSION TAX EXEMPTIONS ELIMINATED

Hartford Civic Center	Lyme Rock Park	Dodd Stadium
New Haven Coliseum	Thompson Speedway	Arena at Harbor Yard
New Britain Beehive Stadium	Waterford Speedbowl	New Britain Rock Cats games
New Britain Stadium	Tennis Foundation of Connecticut facilities	New Haven Ravens games
New Britain Veterans Memorial Stadium	William A. O'Neill Convocation Center	Waterbury Spirit games
Bridgeport Harbor Yard Stadium	Nature's Art	
Stafford Motor Speedway	Connecticut Convention Center	

EFFECTIVE DATE: January 1, 2012, and applicable to charges imposed on or after that date.

§ 106 — CABARET TAX

The act imposes a 3% tax on charges for admission, food, drink, service, and merchandise at any “cabaret” that offers live music, dancing, or other entertainment in addition to serving alcoholic drinks. It requires the state to send all tax revenue collected to the municipalities where the taxable transactions occurred. (PA 11-61, § 172, repeals this cabaret tax.)

Tax Applicability

The 3% tax applies to charges for admission, food, drink, service, and merchandise at any public establishment that serves alcoholic drinks and offers live music by more than one performer, dancing, or other entertainment for profit. It applies to such charges (1) only when the cabaret is furnishing the music, dancing, or other entertainment and (2) even though the cabaret does not increase its admission, food, drink, service, or merchandise charges because of the entertainment.

A cabaret must start collecting the tax as soon as (1) the music, dancing, or

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entertainment starts or (2) it starts collecting an admission or cover charge, whichever is earlier. If part of the cabaret is subject to the tax, it must also collect it in other areas from which a customer can view, or have free access to, the entertainment or dancing.

Tax Collection

The act makes cabarets responsible for paying the tax to the state and requires them to collect it from customers. It specifies that the tax (1) is a recoverable debt from the customer to the establishment and (2) when collected by the establishment, is deemed a special fund in trust for the state.

Tax Administration and Enforcement

Cabarets subject to the tax must remit tax payments and file signed tax returns monthly. The returns must include (1) the amount of tax due for the preceding month and (2) any other information the DRS commissioner requires. Unpaid taxes are subject to a penalty of 10% of the unpaid amount or \$50, whichever is greater, plus 1% interest for each full or partial month that the tax remains unpaid.

The act applies the statutory admissions and dues tax administrative, enforcement, liability, and appeal process requirements to the cabaret tax, and requires them to be adapted accordingly.

EFFECTIVE DATE: July 1, 2011, and applicable to sales on or after that date.

§§ 107-111 — INCOME TAX CHANGES

§ 107 — Marginal Rate Increases

The act increases marginal income tax rates for those with taxable incomes over (1) \$100,000 for joint filers, (2) \$50,000 for single filers and married people filing separately, and (3) \$80,000 for heads of household. It does so by increasing the number of tax brackets from three to six and increasing the top marginal income tax rate from 6.5% to 6.7%. The act also increases the flat income tax rate for trusts and estates from 6.5% to 6.7%.

Table 12 shows marginal tax rates and brackets under prior law and the act.

TABLE 12: PRIOR AND NEW TAX RATES AND BRACKETS

CT TAXABLE INCOME				TAX RATES	
Married Filing Jointly		Single		Prior Law	Act
Over	But Not Over	Over	But Not Over		
\$0	\$20,000	\$0	\$10,000	3.00%	3.00%
20,000	100,000	10,000	50,000	5.00%	5.00%
100,000	200,000	50,000	100,000		5.50%
200,000	400,000	100,000	200,000		6.00%
400,000	500,000	200,000	250,000		6.50%
500,000	1,000,000	250,000	500,000	6.50%	6.70%
Over \$1,000,000		Over \$500,000			
CT TAXABLE INCOME				TAX RATES	
Head of Household		Married Filing Separately			

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Over	But Not Over	Over	But Not Over	Prior Law	Act
\$0	\$16,000	\$0	\$10,000	3.00%	3.00%
16,000	80,000	10,000	50,000	5.00%	5.00%
80,000	160,000	50,000	100,000		5.50%
160,000	320,000	100,000	200,000		6.00%
320,000	400,000	200,000	250,000		6.50%
400,000	800,000	250,000	500,000		6.50%
Over \$800,000		Over \$500,000		6.50%	6.70%

§ 107 — Phase-Out of 3% Tax Bracket

The act phases out the lowest (3%) income tax bracket starting with taxpayers with Connecticut adjusted gross incomes (CT AGI) over \$100,500 for joint filers, \$56,500 for singles, \$78,500 for heads of household, and \$50,250 for married couples filing separately. It does so by subjecting less taxable income to the 3% income tax rate as CT AGI increases, thus subjecting more taxable income to the 5% bracket.

Table 13 shows how the amount of income taxed at 3% decreases as CT AGI increases for each type of filer.

TABLE 13: 3% BRACKET PHASE-OUT

SINGLE			MARRIED FILING JOINTLY		
CT AGI		Amount of Income Taxed At 3%	CT AGI		Amount of Income Taxed At 3%
Over	But Not Over		Over	But Not Over	
0	56,500	\$10,000	0	\$100,500	\$20,000
56,500	61,500	9,000	100,500	105,500	18,000
61,500	66,500	8,000	105,500	110,500	16,000
66,500	71,500	7,000	110,500	115,500	14,000
71,500	76,500	6,000	115,500	120,500	12,000
76,500	81,500	5,000	120,500	125,500	10,000
81,500	86,500	4,000	125,500	130,500	8,000
86,500	91,500	3,000	130,500	135,500	6,000
91,500	96,500	2,000	135,500	140,500	4,000
96,500	101,500	1,000	140,500	145,500	2,000
Over \$101,500		None	Over \$145,500		None
HEAD OF HOUSEHOLD			MARRIED FILING SEPARATELY		
CT AGI		Amount of Income Taxed At 3%	CT AGI		Amount of Income Taxed At 3%
Over	But Not Over		Over	But Not Over	
0	\$78,500	\$16,000	0	\$50,250	\$10,000
78,500	82,500	14,400	50,250	52,750	9,000
82,500	86,500	12,800	52,750	55,250	8,000
86,500	90,500	11,200	55,250	57,750	7,000
90,500	94,500	9,600	57,750	60,250	6,000
94,500	98,500	8,000	60,250	62,750	5,000
98,500	102,500	6,400	62,750	65,250	4,000
102,500	106,500	4,800	65,250	67,750	3,000
106,500	110,500	3,200	67,750	70,250	2,000
110,500	114,500	1,600	70,250	72,750	1,000
Over \$114,500		None	Over \$72,250		None

§ 107 — Benefit Recapture

For taxpayers whose annual CT AGI exceeds specified thresholds, the act imposes a “recapture” provision to eliminate the benefits they receive from having a portion of their taxable income taxed at lower marginal rates. It does so by requiring taxpayers with higher incomes to add specified amounts to their tax liability. These “recapture” amounts phase in as CT AGI increases, until a

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taxpayer’s CT AGI is effectively taxed at the highest marginal rate (6.7%).

Table 14 shows, for each type of filer, the CT AGI starting point for the recapture phase-in, the AGI phase-in intervals and the recapture amount to be added at each interval, and the maximum total recapture amount to be added once CT AGI reaches the fully phased-in level.

TABLE 14: BENEFIT RECAPTURE PHASE-IN

	Married Filing Jointly	Single/ Married Filing Separately	Head of Household
Phase-In Starting Point: CT AGI over	\$400,000	\$200,000	\$320,000
Recapture Amount	\$150 per \$10,000 of CT AGI over starting point	\$75 per \$5,000 of CT AGI over starting point	\$120 per \$8,000 of CT AGI over starting point
Maximum Total Recapture Amount	\$4,500	\$2,250	\$3,600

§ 111 — Property Tax Credit Reduced

The act reduces, from \$500 to \$300, the maximum property tax credit against the personal income tax and phases out the credit at a steeper rate than under prior law. It reduces the maximum credit by 15% for every \$10,000 in additional CT AGI (every \$5,000 for married people filing separately), rather than 10% under prior law.

The combination of a lower maximum credit and the steeper phase-out reduces the number of taxpayers eligible for a credit. For example, under the act, joint filers receive no credit once their CT AGI reaches \$160,500 compared to \$190,500 under prior law.

Table 15 shows the maximum property tax credits by income level and filing status under prior law and the act.

TABLE 15: PRIOR AND NEW MAXIMUM PROPERTY TAX CREDITS

CT AGI				MAXIMUM PROPERTY TAX CREDIT	
Married Filing Jointly		Single (for 2011-2012)		Prior Law	Act
<i>Over</i>	<i>But Not Over</i>	<i>Over</i>	<i>But Not Over</i>		
0	\$100,500	0	\$56,500	\$500	\$300
100,500	110,500	56,500	66,500	450	255
110,500	120,500	66,500	76,500	400	210
120,500	130,500	76,500	86,500	350	165
130,500	140,500	86,500	96,500	300	120
140,500	150,500	96,500	106,500	250	75
150,500	160,500	106,500	116,500	200	30
160,500	170,500	116,500	126,500	150	0
170,500	180,500	126,500	136,500	100	
180,500	190,500	136,500	146,500	50	
Over \$190,500		Over \$146,500		0	
CT AGI				MAXIMUM PROPERTY TAX CREDIT	
Head of Household		Married Filing Separately		Prior Law	Act
<i>Over</i>	<i>But Not Over</i>	<i>Over</i>	<i>But Not Over</i>		
0	\$78,500	0	50,250	\$500	\$300
78,500	88,500	50,250	55,250	450	255
88,500	98,500	55,250	60,250	400	210
98,500	108,500	60,250	65,250	350	165
108,500	118,500	65,250	70,250	300	120
118,500	128,500	70,250	75,250	250	75

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128,500	138,500	75,250	80,250	200	30
138,500	148,500	80,250	85,250	150	
148,500	158,500	85,250	90,250	100	0
158,500	168,500	90,250	95,250	50	
	Over \$168,500		Over \$95,250	0	

Under prior law, the AGI threshold at which a single filer’s maximum property tax credit started to be reduced was scheduled to increase annually from \$56,500 to \$58,500 for 2012, \$60,500 for 2013, \$62,500 for 2014, and \$64,500 for 2015 and thereafter. The act instead maintains the \$56,500 threshold through the 2012 tax year and retains the scheduled increases for the subsequent years.

§ 110 — Earned Income Tax Credit

The act establishes a refundable state earned income tax credit (EITC) equal to 30% of the federal credit and, to the extent allowed under federal law, specifies that the refund is not counted in determining eligibility for or the amount of aid under any need-based state or federal program. (PA 11-1, JSS, later reduced the state credit to 25% of the federal credit, but specified that it would be restored to 30% on the date the SEBAC agreement with the state was approved. The SEBAC agreement was approved on August 22, 2011, thus the credit remains at 30%.)

The act gives people who qualify for, and claim, the federal EITC a credit against their state income tax liability equal to 30% of their federal credit for the same tax year. Under the act, if the state credit exceeds the taxpayer’s state income tax liability, the DRS commissioner must refund the difference to the taxpayer. Refunds must be treated the same as other income tax refunds (i.e., subject to withholding to pay certain debts or obligations), except that they are not subject to the 0.66% monthly interest payable on late tax refunds.

Under federal law and the act, people who work and earn incomes below certain levels qualify for the EITC. Credit amounts vary according to a taxpayer’s income and the number of children he or she has. Income limits and credit amounts are adjusted annually for inflation (26 USCA § 32).

For the 2011 tax year, a person qualifies for a federal EITC if he or she has at least \$1 of earned income, investment income (with certain exceptions) of \$3,150 or less, and a maximum federal AGI of:

1. \$13,660 (\$18,740 if married and filing jointly) with no children,
2. \$36,052 (\$41,132 if married and filing jointly) with one child,
3. \$40,964 (\$46,044 if married and filing jointly) with two children, and
4. \$43,998 (\$49,078 if married and filing jointly) with three or more children.

Based on the federal EITC for 2011, the maximum state credit for the 2011 tax year under this act is:

1. \$139 for filers with no children,
2. \$928 for filers with one child,
3. \$1,534 for filers with two children, and
4. \$1,725 for filers with three or more children.

If a taxpayer eligible for a state EITC files a joint income tax return for federal tax purposes but has to file a separate state income tax return for the same year, his or her state EITC is calculated by multiplying 30% of the taxpayer’s federal

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EITC by the ratio of the taxpayer’s CT AGI to federal AGI, as reported on the taxpayer’s state and federal income tax returns, respectively.

§§ 108 & 109 — Withholding and Estimated Tax Payments

The act requires the DRS commissioner to adjust and issue new withholding tables applicable for the 2011 tax year as soon as practicable. It also requires those paying estimated taxes to adjust their September 2011 payment to reflect the act’s income tax changes.

EFFECTIVE DATE: Upon passage. The income tax provisions are applicable to tax years starting on or after January 1, 2011.

§§ 112-118 — PENALTY FOR FAILING TO REGISTER A MOTOR VEHICLE

By law, someone has 60 days from the time he or she takes up residence in the state to change his or her out-of-state registration to a Connecticut registration. The act increases, from between \$150 and \$300 to \$1,000, the fine for a Connecticut resident who operates his or her motor vehicle in violation of this requirement. The act requires the fine to be remitted to the municipality in which the violation occurred, rather than the Special Transportation Fund (STF), and makes related changes.

The act exempts everyone from the fine before January 1, 2012. It also exempts from any fine, interest, or penalties any Connecticut resident who registers a motor vehicle with out-of-state plates before January 1, 2012. Any taxes owed on the vehicle are due upon registration.

§ 120 — CITIZENS’ ELECTION FUND TRANSFERS

The act reduces, from \$18.6 million to \$10.6 million, the required FY 12 transfer to the Citizens’ Election Fund.

§ 121 — SPECIAL TRANSPORTATION FUND TRANSFERS

The act requires the DRS commissioner, by January 1, 2013 and biennially thereafter, to calculate the percentage of petroleum products gross earnings tax revenue from gasoline sold for the prior fiscal year and use this ratio as the basis for determining the required transfers from the General Fund to the STF. The commissioner must notify the Finance Committee chairpersons and ranking members and the OPM secretary of the calculated ratio.

The act also increases the required annual transfers from the General Fund to the STF as shown in Table 16.

TABLE 16: GENERAL FUND TRANSFERS TO SPECIAL TRANSPORTATION FUND

FY	TRANSFERS TO STF	
	Prior Law (million)	Act (million)
2012	\$165.3	\$226.9*
2013	165.3	199.4

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2014	179.2	222.7
2015	179.2	226.8
2016 and thereafter	179.2	231.4

*(The FY 12 transfer amount was later changed by PA 11-61, § 161, and PA 11-1, JSS, § 9.)

§ 122 — ESTIMATED CLAIMS FOR ABANDONED PROPERTY

The act requires the revenue estimates included in the budget act to be reduced by the estimated claims for abandoned property.

§ 123 — TRANSPORTATION STRATEGY BOARD ACCOUNT

On July 1, 2011, the act transfers the unspent balance in the Department of Transportation’s nonlapsing Transportation Strategy Board account to the General Fund.

§§ 124 & 165 — FUEL OIL CONSERVATION ACCOUNT ELIMINATED

The act eliminates the nonlapsing fuel oil conservation account, the conservation programs the account pays for, and the 13-member board that oversees the program. Under prior law, the account was funded by annual revenue from the petroleum products gross receipts tax that exceeded the 2006 revenue, subject to a \$5 million annual cap. (PA 11-80, § 49, re-creates the board and places it within the Department of Energy and Environmental Protection for administrative purposes only.)

EFFECTIVE DATE: Upon passage

§ 125 — FUNDING FOR NATURAL GAS CONSERVATION PLANS

The act eliminates funding for natural gas conservation plans by repealing a provision that dedicates to such plans any utility company tax revenue that exceeds the legislatively adopted annual revenue estimate, up to a maximum of \$10 million per year. Under prior law, the comptroller transferred the dedicated revenue to the Energy Conservation Management Board account to be used to reimburse gas companies for their conservation expenditures.

EFFECTIVE DATE: Upon passage

§ 128 — SALES AND USE TAX COLLECTION BY REMOTE SELLERS

State law requires “retailers” to collect Connecticut sales tax if they are “engaged in the business” of making retail sales in the state. If a retailer is engaged in business in Connecticut, it is said to have “nexus” here.

The act requires certain remote sellers who have no physical presence in Connecticut to collect sales tax on their taxable sales in the state. It presumes a seller is a retailer with sales tax nexus in the state if it annually sells more than \$2,000 worth of taxable items or services in Connecticut through certain agreements with Connecticut residents. The agreements must provide that, in return for the resident referring potential customers to the retailer, the resident will receive a commission or other compensation from that retailer.

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Under the act, the referrals can be direct or indirect and can be made by any means, including a link on an Internet website. By extending Connecticut sales tax nexus to retailers that have such agreements, the act requires them to collect Connecticut sales tax on all their taxable sales in Connecticut, not just on items sold through the referrals.

The act applies to any retailer that annually earned more than \$2,000 in gross receipts from sales in the state under such referral agreements in the preceding four quarters ending on the last days of March, June, September, and December. It establishes a presumption that such a retailer is soliciting business in Connecticut through the resident with whom it has an agreement. The retailer can rebut the presumption by proving that the resident did not solicit business in Connecticut in a manner that would satisfy the federal constitutional nexus requirement.

(PA 11-61 (§ 46) later amended these provisions to, among other things, (1) eliminate the rebuttable presumption, (2) require the commission the person receives to be based on the sale of the taxable item or service, and (3) apply the requirements to sales occurring on or after May 4, 2011 (PA 11-6's effective date) instead of on or after July 1, 2011.)

By law, if a retailer does not collect and remit to DRS the sales tax due on a taxable item or service, a person who buys it for use in Connecticut must pay the equivalent use tax on that purchase directly to DRS.

EFFECTIVE DATE: July 1, 2011 and applicable to sales on or after that date.

§ 129 — FEE INCREASE FOR CREMATION CERTIFICATE

The act increases the cremation certificate fee from \$40, or the amount the state pays to assistant medical examiners, if greater, to \$150. Under prior practice, the state fee was set at \$100, so the actual increase is \$50. The \$100 fee is based on costs determined by the Commission on Medicolegal Investigations, which oversees the Office of the Chief Medical Examiner.

By law, cremation certificates are required for the cremation of a body for which a death certificate has been issued.

§§130-132 — JOB CREATION TAX CREDIT LIMIT

The act increases the cap on the total amount of business tax credits available for creating new jobs from \$11 million to \$20 million. The cap applies to three programs authorizing such credits, as shown in Table 17. (PA 11-86 later increased the cap on the job creation tax credit program alone to \$20 million, without correspondingly raising the cap on the other two programs.)

TABLE 17: JOB CREATION TAX CREDIT PROGRAMS

<i>Credit Program</i>	<i>Applicable Taxes</i>	<i>Eligibility Criteria</i>	<i>Credit Amount</i>
Jobs Creation Tax Credit (CGS § 12-217ii)	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Utility Company 	Any business creating at least 10 new jobs	Five-year credit of up to 60% of the income tax deducted and withheld from new employee

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Credit Program	Applicable Taxes	Eligibility Criteria	Credit Amount
Small Business Jobs Creation Tax Credit (CGS § 12-217nn)	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Personal Income 	<ul style="list-style-type: none"> • Businesses with fewer than 50 employees in Connecticut that create new jobs filled by Connecticut residents • Credits available only for jobs created between May 6, 2010 and December 31, 2012 	wages Three-year credit of \$200 per month per new employee
Vocational Rehabilitation Job Creation Tax Credit (CGS § 12-217oo)	<ul style="list-style-type: none"> • Insurance Premium • Corporation • Personal Income 	<ul style="list-style-type: none"> • Businesses hiring Connecticut residents with disabilities • Credits available only for employees hired after May 6, 2010 for income years beginning on or after January 1, 2010 	Three-year credit of \$200 per month per new employee

§§ 133 & 165 — BOATING ACCOUNT ELIMINATED

The act requires all revenue from watercraft registration and numbering fees to be deposited in the General Fund rather than in a separate nonlapsing boating account, which it eliminates. It requires the deposits to be made every October 1, starting with October 1, 2011. (PA 11-61, § 5, changes these provisions to require deposits to (1) start May 4, rather than October 1, 2011 and (2) be made continually instead of annually.)

The act also eliminates requirements that the fee revenue be used (1) by the Environmental Protection (DEP) and Motor Vehicles departments for expenses incurred in administering the boating laws, (2) to reimburse towns for lost property tax revenue on watercraft, and (3) to pay for state and local enforcement of boating safety and pollution laws and certain other local watercraft-related expenses.

Finally, the act eliminates requirements for (1) separate annual reports from the DMV and DEP commissioners to the Finance, Revenue and Bonding Committee on the operation of the boating account, (2) an annual report from the DEP commissioner to the comptroller on boating account revenue and expenditures for the preceding fiscal year, and (3) annual distribution of boat registration fee revenue to towns according to their proportionate shares of property tax revenue on boats as of the October 1, 1978 grand list.

EFFECTIVE DATE: July 1, 2011 for the requirement that boat registration revenue be deposited annually in the General Fund every October 1; upon passage for eliminating the boating account and reporting and revenue distribution requirements.

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§ 134 — TRANSFERS FROM BANKING FUND TO GENERAL FUND

The act transfers, from the Banking Fund to the General Fund, revenue from fines, civil penalties, or restitution imposed by the banking commissioner or ordered by a court stemming from banking law violations. The act does not increase the amount of any such fines.

(PA 11-48, §§ 10-11, later (1) eliminated the transfer of revenue for violations of the banking laws under a provision that sets penalties when no other penalty is provided and (2) shifted two additional types of banking fees and penalties to the General Fund. PA 11-61, § 80, eliminated the transfer of revenue from restitution for any banking or securities law violations.)

§ 135 — TRANSFERS TO TRANSPORTATION STRATEGY BOARD (TSB) PROJECTS ACCOUNT

The act reduces the required annual transfers from the STF to the TSB projects account to fund statutorily designated transportation projects. Prior law required the state treasurer to transfer \$15.3 million annually through FY 15 and \$300,000 in FY 16 and each fiscal year thereafter. The act eliminates references to the TSB, reduces the annual transfers to \$15 million per year from FY 12 through FY 15, and eliminates scheduled transfers for FY 16 and subsequent years.

§§ 136-142 — DMV FEE CHANGES

Fee for Electronic Inspection of Vehicle ID Number

The act requires the DMV commissioner to charge a \$10 administrative fee, in addition to any other fee prescribed, for any motor vehicle transaction involving an electronic inspection of a manufacturer’s vehicle identification number (VIN). Under prior law, the commissioner charged this additional administrative fee for vehicles that passed certain inspections, including those for VINs.

Fee Increases and Additional Fees

The act imposes a \$25 late fee for drivers who fail to renew a driver’s license or commercial driver’s license (CDL) on time. It also increases various fees, including those for driver’s licenses, CDLs, and motor vehicle registrations, as shown in Table 18.

TABLE 18: DMV FEE CHANGES

Fee	Statutory Citation	Prior Law	The Act
Driver’s License	§ 14-41 (b)	\$44 (4-year license) \$66 (6-year license) \$11 (per year, or part of a year)	\$48 (4-year license) \$72 (6-year license) \$12 (per year, or part of a year)
Driver’s License (Late Fee)	§ 14-41 (c)	None	\$25
CDL	§ 14-44h (b)	\$15/year or part of a	\$17.50/year or

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Fee	Statutory Citation	Prior Law	The Act
		year	part of a year
CDL Late Fee	§ 14-44h (b)	None	\$25
Registration- Passenger Vehicle	§ 14-49 (a)	\$75 (biennial)	\$80 (biennial)
Registration- Passenger Vehicle, age 65 and over	§ 14-49 (a)	\$38/one year \$75/biennial	\$40/one year \$80/biennial
Registration – special number plates	§ 14-49 (a)	\$75/biennial	\$80/biennial
Registration- Motorcycle	§ 14-49 (b)	\$40/biennial \$56/with attached sidecar or box used for commercial purposes	\$42/biennial \$60/with attached sidecar or box used for commercial purposes
Registration- Taxi, Livery	§ 14-49 (c)	\$250/biennial	\$266/biennial
Registration- Motor Bus	§ 14-49 (d)	\$53	\$56
Registration – Multi-state motor buses	§ 14-49 (d)	\$39, in addition to \$1.25/hundredweight	\$42, in addition to \$1.25/hundred- weight
Registration – Combination Passenger	§ 14-49 (e)	\$83/biennial	\$88/biennial
Registration – Type I School Bus	§ 14-49 (e)	\$100	\$107
Registration – Type II School Bus	§ 14-49 (e)	\$60	\$64
Registration – Passenger, combination plate, more than 10 passengers, or pick-up under 12,500 lbs not used for commercial purposes	§ 14-49 (e)	\$13/biennial in addition to fee charged for commercial registration under § 14-47	\$14/biennial in addition to fee charged for commercial registration under § 14-47
Registration – Electric motor vehicle	§ 14-49 (f)	\$18	\$19
Registration – Motorcycles owned by dealer	§ 14-49 (g)	\$35	\$37
Registration – minimum fee for commercial vehicle w/o pneumatic tires	§ 14-49 (h)	\$56	\$60
Transfer of registration	§ 14-49 (i)	\$20	\$21
Registration - Hearse	§ 14-49 (k)	\$35	\$37
Registration – Truck used within Industrial Plant	§ 14-49 (l)	\$28	\$30
Registration – Camping Trailer	§ 14-49 (m) (1)	\$18	\$19
Registration – Heavy Duty	§ 14-49 (m) (2)	\$306	\$326

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Fee	Statutory Citation	Prior Law	The Act
Trailer, Crane etc.			
Temporary Registration, non-commercial	§ 14-49 (n)	\$20/10-day period	\$21/10-day period
Temporary Registration – Commercial Vehicle, less than 6,000 lbs.	§ 14-49 (n)	\$25/10-day period	\$27/10-day period
Temporary Registration – Commercial Vehicle, more than 6,000 lbs.	§ 14-49 (n)	\$46/10-day period	\$49/10-day period
Registration – Service Bus, transporting for free	§ 14-49 (p)	\$200/biennial (16 or fewer passengers) \$700/biennial (more than 16 passengers)	\$213/biennial (16 or fewer passengers) \$747/biennial (more than 16 passengers)
Registration – Service Buses, owned by nonprofit charitable org. used exclusively for org. purposes	§ 14-49 (p)	\$150/biennial (16 or fewer passengers) \$500/biennial (more than 16 passengers)	\$160/biennial (16 or fewer passengers) \$533/biennial (more than 16 passengers)
Registration – Farm vehicles	§ 14-49 (q)	\$28 /biennial	\$30/biennial
Special Number Plate Fee	§ 14-49 (s)	\$65	\$69
Registration - Camper	§ 14-49 (t)	\$70/biennial	\$75/biennial
Learner's Permit Renewal	§14- 49 (v)	\$18	\$19
Motorcycle Training Permit Renewal	§ 14- 49 (v)	\$15	\$16
Registration – High Mileage Vehicle	§ 14-49 (x)	\$44	\$47
Special Use Registration, less than 30 days	§ 14-49 (y)	\$20	\$21
Commercial registration, tractor w/pneumatic tires	§ 14-47 (b)	\$44 minimum	\$47 minimum
Registration – artesian well drilling equipment	§ 14-47 (c)	\$46	\$49
Registration – vehicle w/wood saw or spraying rigs	§ 14-47 (d)	\$25	\$27
Registration – misc. commercial vehicles	§ 14-47(e)	\$56 minimum	\$60 minimum

§ 139 — Late Fees for Apportioned Registrations

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Certain interstate commercial vehicles must pay apportioned registration fees that include this state's registration fee and registration fees for other jurisdictions based on the distance they travel there (CGS § 14-34a). The act requires the commissioner to charge a \$150 late fee to people who fail to renew these registrations within five days after they expire.

§ 140 — Commercial Motor Vehicle Registration Fees

Prior law charged registration fees for commercial motor vehicles based on each 100 pounds the vehicle weighed. The act instead bases these fees on each 1,000 pounds the vehicle weighs and increases the fees accordingly.

§ 141 — DMV Fees for Duplicate Licenses and ID Cards and Documents Kept Electronically

Under prior law, the commissioner had to charge \$30 for each duplicate of a driver's license. The act also requires her to charge \$30 for each duplicate of a non-driver ID card. But it requires her to charge only \$5 for one duplicate license or ID card issued to a license or card holder when he or she turns 21 years old. Under the act, a "duplicate" is a license or ID card re-issued before the previous card or license expires. It must either be identical to the most recently issued license or card or include modifications to one or more items of information that appears on the most recently issued license or card.

The act also authorizes the commissioner to charge \$20 for each document from a motor vehicle record that DMV keeps electronically. It eliminates obsolete language pertaining to fees charged for searches and copies of accident reports.

§ 142 — Manufacturers' Registrations

By law, the commissioner may issue motor vehicle registrations with the same distinguishing number to manufacturers. Under prior law, these registrations expired annually and, except for commercial registrations, could be renewed for \$35. The act requires these registrations to expire biennially and, except for commercial registrations, increases the renewal fee to \$140 for the two-year period.

Commercial registrations for manufacturers previously cost one-half the fee charged for the maximum gross weight of the registered vehicle on which the number was used. The act also doubles this fee so that it is the same as the fee charged for the maximum gross weight of the registered vehicle. Because this fee is charged biennially, the effective registration fee for commercial vehicles does not increase.

The act requires the manufacturer to furnish proof of financial responsibility that satisfies the commissioner. But the commissioner need not require this proof if she finds the manufacturer is financially able to meet its legal liability.

§ 143 — MOTOR VEHICLE VIOLATOR PAYMENTS TO TOWNS

The act increases, from \$10 to \$15, the fee paid in addition to a fine by people who violate certain motor vehicle laws and regulations, including speeding,

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traveling unreasonably fast, reckless driving, and driving under the influence. By law, the state must remit this money to the municipalities in which the violations occur.

§ 144 — GOVERNOR'S TRANSPORTATION PROJECT RECOMMENDATIONS

Under prior law, on the same day the governor proposed the biennial budget, he or she had to also recommend to the General Assembly any projects necessary to implement the transportation strategy adopted by the TSB and a financing plan for the projects. The act removes the reference to the TSB and instead requires the governor to submit recommendations and a financing plan for projects needed to implement the state's transportation strategy.

§§ 145-149 — TAX ON HOSPITAL NET REVENUE

The act replaces the hospital gross earnings tax (defunct since 2000) with a quarterly tax on hospital net patient revenue. Except for the Connecticut Children's Medical Center and John Dempsey Hospital, the act establishes a 4.6% quarterly tax on hospitals' net patient revenue. (PA 11-44 provides that the amount of the tax is the maximum allowed by federal law (up to 5% through September 30, 2011 and 6% as of October 1, 2011).) It requires hospitals to file the returns and pay the taxes electronically. (PA 11-61 provides that the quarterly payments cover a period the DSS commissioner determines instead of the calendar quarter ending the last day of the preceding month.)

Net Patient Revenue

The act defines net patient revenue as a hospital's gross revenue, including the amount of federal dollars the hospital receives for treating Medicare patients. (PA 11-44 defines it as the amount of accrued payments a hospital earns for providing inpatient and outpatient services.)

Collecting the Tax

Beginning with FY 12, the act allows the comptroller to count the amount received up to five business days after the July 31st following the end of each fiscal year as revenue for that year. It requires the DRS commissioner to notify the DSS commissioner of any delinquent amounts due by a hospital, and the DSS commissioner, once he receives the notice, to deduct and withhold this amount from any amount it would otherwise pay the hospital.

The act authorizes the DRS commissioner to enter into an agreement with the DSS commissioner delegating to the DSS commissioner the authority to examine hospital tax records and returns to determine whether the tax has been overpaid or underpaid. If the commissioner delegates this authority, any examinations and determinations the DSS commissioner makes have the same effect as if the DRS commissioner had performed them himself.

EFFECTIVE DATE: July 1, 2011 and applicable to calendar quarters starting on

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or after that date.

§ 150 — NURSING HOME RESIDENT USER FEE

Beginning October 1, 2011, the act increases the cap on the nursing home resident user fee from 5.5% to the maximum allowed by federal law (6% starting October 1, 2011). This fee, originally enacted in 2005, is a percentage of most nursing homes' revenues.

The act also removes obsolete reporting requirements regarding the detrimental effects of the user fee.

§§ 151-153 — NEW USER FEE FOR PROVIDERS OF CARE TO INDIVIDUALS WITH MENTAL RETARDATION

The act establishes a new resident day user fee for intermediate care facilities for people with mental retardation (ICF-MRs), which generally are residential facilities (e.g., group homes) for individuals with mental retardation or related conditions. The fee a particular ICF-MR pays is the fee amount (see calculation below) times the number of resident days. This is collected on a quarterly basis beginning July 1, 2011. The act authorizes the comptroller to record as revenue any user fees imposed provided the DRS commissioner receives it within five business days after the July 31st following the end of the fiscal year.

Fee Calculation

Every two years, and no later than July 1, the DSS commissioner must determine the fee, which is a facility's anticipated net revenue, including revenue from any increases in Medicaid payments during the next 12 months, multiplied by the percentage set by the OPM secretary, in consultation with the DSS commissioner, and divided by the sum of each ICF-MR's anticipated resident days during that period. Before October 1, 2011, the fee can go up to 5.5%. On and after that date, it can increase to the maximum amount federal law allows (6%).

A resident day is any day an ICF-MR provides residential care to an individual and includes a day (1) a resident is admitted, (2) for which the facility is eligible for payment for reserving the resident's bed due to hospitalization or temporary leave, or (3) a resident dies. A resident day does not include the day a resident is discharged.

The act requires the DSS commissioner to determine the fee amount and promptly inform the DRS commissioner and the ICF-MRs of it.

Net Revenue Defined

The act defines net revenue as the amount an ICF-MR bills for all services provided, including room, board, and ancillary services less (1) contractual allowances, (2) payer discounts, (3) charity care, and (4) bad debt.

Filing a Return with the Fee

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The act requires each ICF-MR, by the last day of each January, April, July, and October, to file an electronic return to the DSS commissioner stating the ICF-MR's total resident days during the preceding calendar quarter, as well as any other information the commissioner deems necessary. The fee, which must also be sent electronically, is due and payable on the due date of the return.

Penalty for Failure to Pay Fee

The act establishes a penalty of 10% of the amount due or \$50, whichever is greater, on late user fees. Additionally, interest of 1% per month accrues from the due date until the fee is paid.

The act requires the DRS commissioner to notify the DSS commissioner of any delinquent amount. Once the DSS commissioner receives the notice, he must deduct and withhold the amount due from any amount DSS would otherwise pay the ICF-MR.

Delegating Authority for DSS Commissioner to Review ICF-MR User Fee-Related Returns and Records

The act permits the DRS commissioner, by agreement, to delegate to the DSS commissioner his authority to examine ICF-MRs' records and returns and determine whether the user fee has been overpaid or underpaid. The DSS commissioner's examinations and determinations have the same effect as those of the DRS commissioner.

No Collection of Fee until Federal Reimbursement Secured

The act prohibits the DRS commissioner from collecting the user fee until the DSS commissioner informs him that he has all of the necessary federal approvals to secure federal matching funds associated with any authorized facility rate increases. The commissioner must stop collecting the fee if the DSS commissioner informs him that the federal approvals have been withheld or withdrawn.

§ 154 — DSS AUTHORITY TO IMPLEMENT POLICIES AND PROCEDURES WHILE IN THE PROCESS OF ADOPTING REGULATIONS

The act authorizes the DSS commissioner to implement policies and procedures needed to administer the act's provisions (presumably those related to the department) while in the process of adopting them in regulation form. He must publish notice of intent to adopt in the *Connecticut Law Journal* within 20 days of implementation. The policies and procedures are valid until final regulations are adopted. (PA 11-44, § 160, limits the applicability of this provision to the hospital tax, nursing home user fee, and ICF-MR user fee. It also establishes a process to be followed when such policies and procedures are implemented.)

§§ 155-164 — REVENUE ESTIMATES

The act's appropriations are supported by revenue estimates for FY 12 and FY

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13 for each appropriate state fund as shown in Table 19.

TABLE 19: REVENUE ESTIMATES FOR FY 12 AND FY 13

§	<i>Fund</i>	<i>FY 12</i>	<i>FY 13</i>
155	General Fund	\$18,719,550,000	\$19,416,550,000
156	Special Transportation Fund	1,305,400,000	1,336,700,000
157	Mashantucket Pequot & Mohegan Fund	61,800,000	61,800,000
158	Soldiers, Sailors and Marines' Fund	3,100,000	3,100,000
159	Regional Market Operation Fund	970,000	940,000
160	Banking Fund	26,600,000	26,200,000
161	Insurance Fund	26,700,000	26,200,000
162	Consumer Counsel & Public Utility Control Fund	26,300,000	25,900,000
163	Workers' Compensation Fund	22,300,000	22,100,000
164	Criminal Injuries Compensation Fund	3,510,000	3,610,000

§ 165 — GAAP SALARY RESERVE ACCOUNT ELIMINATED

The act eliminates a separate nonlapsing account within the General Fund called the GAAP salary reserve account. Under prior law, the account had to be used to set aside funds to help pay the 27th state employee payroll that occurs every 11 years because of the state's biweekly pay schedule.

The act also repeals requirements that (1) beginning in FY 13, one-tenth of the projected amount needed to fund the next 27th payroll be annually appropriated to the account and (2) in the fiscal year following disbursement for an extra payroll, the comptroller report to the General Assembly on the projected amount needed to fund the following one.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Person

By law, an entity is a “related person” to a taxpayer if (1) the taxpayer controls it, (2) it is a business or trust controlled by another person or entity that the taxpayer controls, or (3) it is a member of the same controlled group as the taxpayer. A company is considered to be “controlled” by someone if he directly or indirectly owns more than 50% of the combined voting power of all classes of its stock or more than 50% capital or profit interest in it. In the case of a trust, control means owning 50% or more of the beneficial interest of the trust’s principal or income. Ownership is defined as in federal income tax law (CGS § 12-217ii).

OLR Tracking: RP/JL:Various:PF:ts