



# Senate

General Assembly

**File No. 708**

*January Session, 2013*

Substitute Senate Bill No. 843

*Senate, May 6, 2013*

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BUDGET.***

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

- 1 Section 1. (NEW) (*Effective July 1, 2013*) (a) As used in this section:
- 2 (1) "Person" means person, as defined in section 12-1 of the general  
3 statutes;
- 4 (2) "Affected taxable period" means any taxable period ending on or  
5 before November 30, 2012;
- 6 (3) "Affected person" means a person owing any tax for an affected  
7 taxable period;
- 8 (4) "Tax" means any tax imposed by any law of this state and  
9 required to be collected by the department, other than the tax imposed  
10 under chapter 222 of the general statutes on any licensee, as defined in  
11 subdivision (1) of subsection (c) of section 12-486 of the general

12 statutes;

13 (5) "Commissioner" means the Commissioner of Revenue Services;  
14 and

15 (6) "Department" means the Department of Revenue Services.

16 (b) (1) The commissioner shall establish a tax amnesty program for  
17 persons owing any tax for any affected taxable period. The tax  
18 amnesty program shall be conducted during the period from  
19 September 16, 2013, to November 15, 2013, inclusive.

20 (2) An amnesty application shall be prepared by the commissioner  
21 that shall provide for specification by the affected person of the tax and  
22 the affected taxable period for which amnesty is being sought under  
23 the tax amnesty program. The commissioner, at his or her discretion,  
24 may require that such amnesty applications be filed electronically.

25 (3) The tax amnesty program shall provide that, upon the filing of  
26 an amnesty application by an affected person and payment by such  
27 person of the tax and interest due from such person for an affected  
28 taxable period, the commissioner shall not seek to collect any civil  
29 penalties that may be applicable and shall not seek criminal  
30 prosecution for any affected person for an affected taxable period for  
31 which amnesty has been granted. Amnesty shall be granted only to  
32 those affected persons who have applied for amnesty during the tax  
33 amnesty period and who have paid the tax and interest determined by  
34 the commissioner to be due upon filing the amnesty application.

35 (4) An amnesty application, if filed by an affected person and if  
36 granted by the commissioner, shall constitute an express and absolute  
37 relinquishment by the affected person of all of the affected person's  
38 administrative and judicial rights of appeal that have not run or  
39 otherwise expired as of the date payment is made for an affected  
40 taxable period, and no payment made by an affected person pursuant  
41 to this section for an affected taxable period shall be refunded or  
42 credited to such person. The commissioner shall not consider any

43 request to exercise the authority granted to the commissioner under  
44 section 12-39s of the general statutes in connection with any amnesty  
45 application granted by the commissioner.

46 (5) If an affected person who has filed an amnesty application  
47 during the tax amnesty program fails to pay all amounts due to this  
48 state for an affected taxable period, any amnesty granted pursuant to  
49 this section shall be invalid.

50 (6) No waiver of penalty or reduction of interest granted pursuant  
51 to this section shall entitle any affected person to a refund or credit of  
52 any amount previously paid.

53 (7) In the case of tax due for an affected taxable period, interest shall  
54 be computed at the rate of one per cent per month or fraction thereof  
55 from the date such tax was originally due to the date of payment,  
56 except if the tax and interest are paid in full on or before November 15,  
57 2013, the interest shall be equal to one-fourth of the interest that the  
58 department's records show to be due and payable as of the date of  
59 filing of the amnesty application for an affected taxable period.

60 (c) Amnesty shall not be granted pursuant to subsection (b) of this  
61 section to any affected person who (1) is a party to any criminal  
62 investigation or to any criminal litigation that is pending on July 1,  
63 2013, in any court of the United States or this state, (2) is a party to a  
64 closing agreement with the commissioner, (3) has made an offer of  
65 compromise that has been accepted by the commissioner, or (4) is a  
66 party to a managed audit agreement.

67 (d) Any person owing any tax for an affected taxable period for  
68 which a tax return was required by law to be filed with the  
69 commissioner and for which no return has been previously filed by  
70 such person, and such person fails to file a timely amnesty application  
71 under this section with respect to such affected taxable period shall be  
72 subject to a penalty equal to twenty-five per cent of the tax owed for  
73 such affected taxable period. The amount of such penalty shall not be  
74 subject to waiver.

75 (e) Notwithstanding any provision of the general statutes, the  
76 commissioner may do all things necessary to provide for the timely  
77 implementation of this section.

78 Sec. 2. Subsection (c) of section 4-28e of the general statutes is  
79 repealed and the following is substituted in lieu thereof (*Effective July*  
80 *1, 2013*):

81 (c) (1) For the fiscal year ending June 30, 2001, disbursements from  
82 the Tobacco Settlement Fund shall be made as follows: (A) To the  
83 General Fund in the amount identified as "Transfer from Tobacco  
84 Settlement Fund" in the General Fund revenue schedule adopted by  
85 the General Assembly; (B) to the Department of Mental Health and  
86 Addiction Services for a grant to the regional action councils in the  
87 amount of five hundred thousand dollars; and (C) to the Tobacco and  
88 Health Trust Fund in an amount equal to nineteen million five  
89 hundred thousand dollars.

90 (2) (A) For the fiscal [year] years ending June 30, 2002, [and each  
91 fiscal year thereafter] to June 30, 2013, inclusive, disbursements from  
92 the Tobacco Settlement Fund shall be made as follows: [(A)] (i) To the  
93 Tobacco and Health Trust Fund in an amount equal to twelve million  
94 dollars; [(B)] (ii) to the Biomedical Research Trust Fund in an amount  
95 equal to four million dollars; [(C)] (iii) to the General Fund in the  
96 amount identified as "Transfer from Tobacco Settlement Fund" in the  
97 General Fund revenue schedule adopted by the General Assembly;  
98 and [(D)] (iv) any remainder to the Tobacco and Health Trust Fund.

99 (B) For the fiscal year ending June 30, 2014, and each fiscal year  
100 thereafter, disbursements from the Tobacco Settlement Fund shall be  
101 made as follows: (i) To the Tobacco and Health Trust Fund in an  
102 amount equal to twelve million dollars; (ii) to the General Fund in the  
103 amount identified as "Transfer from Tobacco Settlement Fund" in the  
104 General Fund revenue schedule adopted by the General Assembly;  
105 and (iii) any remainder to the Tobacco and Health Trust Fund.

106 (3) For each of the fiscal years ending June 30, 2008, to June 30,

107 [2015] 2012, inclusive, the sum of ten million dollars shall be disbursed  
108 from the Tobacco Settlement Fund to the Stem Cell Research Fund  
109 established by section 19a-32e for grants-in-aid to eligible institutions  
110 for the purpose of conducting embryonic or human adult stem cell  
111 research.

112 Sec. 3. Subsection (a) of section 12-211a of the general statutes is  
113 repealed and the following is substituted in lieu thereof (*Effective from*  
114 *passage and applicable to calendar years commencing on or after January 1,*  
115 *2013*):

116 (a) (1) Notwithstanding any provision of the general statutes, and  
117 except as otherwise provided in subdivision (4) of this subsection or in  
118 subsection (b) of this section, the amount of tax credit or credits  
119 otherwise allowable against the tax imposed under this chapter for any  
120 calendar year shall not exceed seventy per cent of the amount of tax  
121 due from such taxpayer under this chapter with respect to such  
122 calendar year of the taxpayer prior to the application of such credit or  
123 credits.

124 (2) For the calendar year [ending December 31, 2011] commencing  
125 January 1, 2011, "type one tax credits" means tax credits allowable  
126 under section 12-217jj, 12-217kk or 12-217ll; "type two tax credits"  
127 means tax credits allowable under section 38a-88a; "type three tax  
128 credits" means tax credits that are not type one tax credits or type two  
129 tax credits; "thirty per cent threshold" means thirty per cent of the  
130 amount of tax due from a taxpayer under this chapter prior to the  
131 application of tax credit; "fifty-five per cent threshold" means fifty-five  
132 per cent of the amount of tax due from a taxpayer under this chapter  
133 prior to the application of tax credits; and "seventy per cent threshold"  
134 means seventy per cent of the amount of tax due from a taxpayer  
135 under this chapter prior to the application of tax credits.

136 (3) For the calendar [year ending December 31, 2012] years  
137 commencing January 1, 2012, January 1, 2013, and January 1, 2014,  
138 "type one tax credits" means the tax credit allowable under section 12-  
139 217ll; "type two tax credits" means tax credits allowable under section

140 38a-88a; "type three tax credits" means tax credits that are not type one  
141 tax credits or type two tax credits; "thirty per cent threshold" means  
142 thirty per cent of the amount of tax due from a taxpayer under this  
143 chapter prior to the application of tax credit; "fifty-five per cent  
144 threshold" means fifty-five per cent of the amount of tax due from a  
145 taxpayer under this chapter prior to the application of tax credits; and  
146 "seventy per cent threshold" means seventy per cent of the amount of  
147 tax due from a taxpayer under this chapter prior to the application of  
148 tax credits.

149 (4) For calendar years commencing on or after January 1, 2011, and  
150 prior to January 1, [2013] 2015, and subject to the provisions of  
151 subdivisions (2) and (3) of this subsection, the amount of tax credit or  
152 credits otherwise allowable against the tax imposed under this chapter  
153 shall not exceed:

154 (A) If the tax credit or credits being claimed by a taxpayer are type  
155 three tax credits only, thirty per cent of the amount of tax due from  
156 such taxpayer under this chapter with respect to said calendar years of  
157 the taxpayer prior to the application of such credit or credits.

158 (B) If the tax credit or credits being claimed by a taxpayer are type  
159 one tax credits and type three tax credits, but not type two tax credits,  
160 fifty-five per cent of the amount of tax due from such taxpayer under  
161 this chapter with respect to said calendar years of the taxpayer prior to  
162 the application of such credit or credits, provided (i) type three tax  
163 credits shall be claimed before type one tax credits are claimed, (ii) the  
164 type three tax credits being claimed may not exceed the thirty per cent  
165 threshold, and (iii) the sum of the type one tax credits and the type  
166 three tax credits being claimed may not exceed the fifty-five per cent  
167 threshold.

168 (C) If the tax credit or credits being claimed by a taxpayer are type  
169 two tax credits and type three tax credits, but not type one tax credits,  
170 seventy per cent of the amount of tax due from such taxpayer under  
171 this chapter with respect to said calendar years of the taxpayer prior to  
172 the application of such credit or credits, provided (i) type three tax

173 credits shall be claimed before type two tax credits are claimed, (ii) the  
174 type three tax credits being claimed may not exceed the thirty per cent  
175 threshold, and (iii) the sum of the type two tax credits and the type  
176 three tax credits being claimed may not exceed the seventy per cent  
177 threshold.

178 (D) If the tax credit or credits being claimed by a taxpayer are type  
179 one tax credits, type two tax credits and type three tax credits, seventy  
180 per cent of the amount of tax due from such taxpayer under this  
181 chapter with respect to said calendar years of the taxpayer prior to the  
182 application of such credits, provided (i) type three tax credits shall be  
183 claimed before type one tax credits or type two tax credits are claimed,  
184 and the type one tax credits shall be claimed before the type two tax  
185 credits are claimed, (ii) the type three tax credits being claimed may  
186 not exceed the thirty per cent threshold, (iii) the sum of the type one  
187 tax credits and the type three tax credits being claimed may not exceed  
188 the fifty-five per cent threshold, and (iv) the sum of the type one tax  
189 credits, the type two tax credits and the type three tax credits being  
190 claimed may not exceed the seventy per cent threshold.

191 (E) If the tax credit or credits being claimed by a taxpayer are type  
192 one tax credits and type two tax credits only, but not type three tax  
193 credits, seventy per cent of the amount of tax due from such taxpayer  
194 under this chapter with respect to said calendar years of the taxpayer  
195 prior to the application of such credits, provided (i) the type one tax  
196 credits shall be claimed before type two tax credits are claimed, (ii) the  
197 type one tax credits being claimed may not exceed the fifty-five per  
198 cent threshold, and (iii) the sum of the type one tax credits and the  
199 type two tax credits being claimed may not exceed the seventy per cent  
200 threshold.

201 Sec. 4. Subdivision (7) of subsection (b) of section 12-214 of the  
202 general statutes is repealed and the following is substituted in lieu  
203 thereof (*Effective from passage*):

204 (7) (A) With respect to income years commencing on or after  
205 January 1, 2012, and prior to January 1, [2014] 2016, any company

206 subject to the tax imposed in accordance with subsection (a) of this  
207 section shall pay, for each such income year, except when the tax so  
208 calculated is equal to two hundred fifty dollars, an additional tax in an  
209 amount equal to twenty per cent of the tax calculated under said  
210 subsection (a) for such income year, without reduction of the tax so  
211 calculated by the amount of any credit against such tax. The additional  
212 amount of tax determined under this subsection for any income year  
213 shall constitute a part of the tax imposed by the provisions of said  
214 subsection (a) and shall become due and be paid, collected and  
215 enforced as provided in this chapter.

216 (B) Any company whose gross income for the income year was less  
217 than one hundred million dollars shall not be subject to the additional  
218 tax imposed under subparagraph (A) of this subdivision. This  
219 exception shall not apply to companies filing a combined return for the  
220 income year under section 12-223a or a unitary return under  
221 subsection (d) of section 12-218d.

222 Sec. 5. Subdivision (7) of subsection (b) of section 12-219 of the  
223 general statutes is repealed and the following is substituted in lieu  
224 thereof (*Effective from passage*):

225 (7) (A) With respect to income years commencing on or after  
226 January 1, 2012, and prior to January 1, [2014] 2016, the additional tax  
227 imposed on any company and calculated in accordance with  
228 subsection (a) of this section shall, for each such income year, except  
229 when the tax so calculated is equal to two hundred fifty dollars, be  
230 increased by adding thereto an amount equal to twenty per cent of the  
231 additional tax so calculated for such income year, without reduction of  
232 the tax so calculated by the amount of any credit against such tax. The  
233 increased amount of tax payable by any company under this section,  
234 as determined in accordance with this subsection, shall become due  
235 and be paid, collected and enforced as provided in this chapter.

236 (B) Any company whose gross income for the income year was less  
237 than one hundred million dollars shall not be subject to the additional  
238 tax imposed under subparagraph (A) of this subdivision. This

239 exception shall not apply to companies filing a combined return for the  
240 income year under section 12-223a or a unitary return under  
241 subsection (d) of section 12-218d.

242 Sec. 6. Subdivision (2) of subsection (a) of section 12-407 of the  
243 general statutes is repealed and the following is substituted in lieu  
244 thereof (*Effective July 1, 2013, and applicable to sales occurring on or after*  
245 *said date*):

246 (2) "Sale" and "selling" mean and include:

247 (A) Any transfer of title, exchange or barter, conditional or  
248 otherwise, in any manner or by any means whatsoever, of tangible  
249 personal property for a consideration;

250 (B) Any withdrawal, except a withdrawal pursuant to a transaction  
251 in foreign or interstate commerce, of tangible personal property from  
252 the place where it is located for delivery to a point in this state for the  
253 purpose of the transfer of title, exchange or barter, conditional or  
254 otherwise, in any manner or by any means whatsoever, of the property  
255 for a consideration;

256 (C) The producing, fabricating, processing, printing or imprinting of  
257 tangible personal property for a consideration for consumers who  
258 furnish either directly or indirectly the materials used in the  
259 producing, fabricating, processing, printing or imprinting, including,  
260 but not limited to, sign construction, photofinishing, duplicating and  
261 photocopying;

262 (D) The furnishing and distributing of tangible personal property  
263 for a consideration by social clubs and fraternal organizations to their  
264 members or others;

265 (E) The furnishing, preparing, or serving for a consideration of food,  
266 meals or drinks;

267 (F) A transaction whereby the possession of property is transferred  
268 but the seller retains the title as security for the payment of the price;

269 (G) A transfer for a consideration of the title of tangible personal  
270 property which has been produced, fabricated or printed to the special  
271 order of the customer, or of any publication, including, but not limited  
272 to, sign construction, photofinishing, duplicating and photocopying;

273 (H) A transfer for a consideration of the occupancy of any room or  
274 rooms in a hotel or lodging house for a period of thirty consecutive  
275 calendar days or less;

276 (I) The rendering of certain services, as defined in subdivision (37)  
277 of this subsection, for a consideration, exclusive of such services  
278 rendered by an employee for the employer;

279 (J) The leasing or rental of tangible personal property of any kind  
280 whatsoever, including, but not limited to, motor vehicles, linen or  
281 towels, machinery or apparatus, office equipment and data processing  
282 equipment, provided for purposes of this subdivision and the  
283 application of sales and use tax to contracts of lease or rental of  
284 tangible personal property, the leasing or rental of any motion picture  
285 film by the owner or operator of a motion picture theater for purposes  
286 of display at such theater shall not constitute a sale within the meaning  
287 of this subsection;

288 (K) The rendering of telecommunications service, as defined in  
289 subdivision (26) of this subsection, for a consideration on or after  
290 January 1, 1990, exclusive of any such service rendered by an employee  
291 for the employer of such employee, subject to the provisions related to  
292 telecommunications service in accordance with section 12-407a;

293 (L) (i) The rendering of community antenna television service, as  
294 defined in subdivision (27) of this subsection, for a consideration on or  
295 after January 1, 1990, exclusive of any such service rendered by an  
296 employee for the employer of such employee. For purposes of this  
297 chapter, "community antenna television service" includes service  
298 provided by a holder of a certificate of cable franchise authority  
299 pursuant to section 16-331p, and service provided by a community  
300 antenna television company issued a certificate of video franchise

301 authority pursuant to section 16-331e for any service area in which it  
302 was not certified to provide community antenna television service  
303 pursuant to section 16-331 on or before October 1, 2007;

304 (ii) The rendering of certified competitive video service, as defined  
305 in subdivision (38) of this subsection, for consideration on or after  
306 October 1, 2007, exclusive of any such service rendered by an  
307 employee for the employer of such employee;

308 (M) The transfer for consideration of space or the right to use any  
309 space for the purpose of storage or mooring of any noncommercial  
310 vessel, exclusive of dry or wet storage or mooring of such vessel  
311 during the period commencing on the first day of November in any  
312 year to and including the thirtieth day of April of the next succeeding  
313 year;

314 (N) The sale for consideration of naming rights to any place of  
315 amusement, entertainment or recreation within the meaning of  
316 subdivision (3) of section 12-540;

317 (O) The transfer for consideration of a prepaid telephone calling  
318 service, as defined in subdivision (34) of this subsection, and the  
319 recharge of a prepaid telephone calling service, provided, if the sale or  
320 recharge of a prepaid telephone calling service does not take place at  
321 the retailer's place of business and an item is shipped by the retailer to  
322 the customer, the sale or recharge shall be deemed to take place at the  
323 customer's shipping address, but, if such sale or recharge does not take  
324 place at the retailer's place of business and no item is shipped by the  
325 retailer to the customer, the sale or recharge shall be deemed to take  
326 place at the customer's billing address or the location associated with  
327 the customer's mobile telephone number; [and]

328 (P) The furnishing by any person, for a consideration, of space for  
329 storage of tangible personal property when such person is engaged in  
330 the business of furnishing such space, but "sale" and "selling" do not  
331 mean or include the furnishing of space which is used by a person for  
332 residential purposes. As used in this subparagraph, "space for storage"

333 means secure areas, such as rooms, units, compartments or containers,  
334 whether accessible from outside or from within a building, that are  
335 designated for the use of a customer, where the customer can store and  
336 retrieve property, including self-storage units, mini-storage units and  
337 areas by any other name to which the customer has either unlimited  
338 free access or free access within reasonable business hours or upon  
339 reasonable notice to the service provider to add or remove property,  
340 but does not mean the rental of an entire building, such as a  
341 warehouse. For purposes of this subparagraph, furnishing space for  
342 storage shall not include general warehousing and storage, where the  
343 warehouse typically handles, stores and retrieves a customer's  
344 property using the warehouse's staff and equipment and does not  
345 allow the customer free access to the storage space and shall not  
346 include accepting specific items of property for storage, such as  
347 clothing at a dry cleaning establishment or golf bags at a golf club; [.]  
348 and

349 (Q) The electronic transfer, for a consideration, exclusive of business  
350 to business transactions, of any specified digital product, as defined in  
351 subdivision (42) of this subsection, that grants to a purchaser a right or  
352 license to use, retain or copy such digital product, regardless of  
353 whether the seller has granted the purchaser a right of permanent use  
354 and regardless of whether the purchaser's right of use is conditioned  
355 upon continued payment.

356 Sec. 7. Subsection (a) of section 12-407 of the general statutes is  
357 amended by adding subdivision (42) as follows (*Effective July 1, 2013,*  
358 *and applicable to sales occurring on or after said date*):

359 (NEW) (42) "Specified digital product" means an electronically  
360 transferred digital audio-visual work, digital audio work, including a  
361 ringtone or digital book, and includes a digital code that provides a  
362 purchaser with a right to obtain the product. "Specified digital  
363 product" does not include video programming services, including  
364 video on demand television services, broadcasting services or content  
365 to provide such services.

366 Sec. 8. Subdivision (1) of section 12-408 of the general statutes is  
367 repealed and the following is substituted in lieu thereof (*Effective July*  
368 *1, 2013*):

369 (1) (A) For the privilege of making any sales, as defined in  
370 subdivision (2) of subsection (a) of section 12-407, at retail, in this state  
371 for a consideration, a tax is hereby imposed on all retailers at the rate  
372 of six and thirty-five-hundredths per cent of the gross receipts of any  
373 retailer from the sale of all tangible personal property sold at retail or  
374 from the rendering of any services constituting a sale in accordance  
375 with subdivision (2) of subsection (a) of section 12-407, except, in lieu  
376 of said rate of six and thirty-five-hundredths per cent, the rates  
377 provided in subparagraphs (B) to [(F)] (H), inclusive, of this  
378 subdivision;

379 (B) At a rate of fifteen per cent with respect to each transfer of  
380 occupancy, from the total amount of rent received for such occupancy  
381 of any room or rooms in a hotel or lodging house for the first period  
382 not exceeding thirty consecutive calendar days;

383 (C) With respect to the sale of a motor vehicle to any individual who  
384 is a member of the armed forces of the United States and is on full-time  
385 active duty in Connecticut and who is considered, under 50 App USC  
386 574, a resident of another state, or to any such individual and the  
387 spouse thereof, at a rate of four and one-half per cent of the gross  
388 receipts of any retailer from such sales, provided such retailer requires  
389 and maintains a declaration by such individual, prescribed as to form  
390 by the commissioner and bearing notice to the effect that false  
391 statements made in such declaration are punishable, or other evidence,  
392 satisfactory to the commissioner, concerning the purchaser's state of  
393 residence under 50 App USC 574;

394 (D) (i) With respect to the sales of computer and data processing  
395 services occurring on or after July 1, 1997, and prior to July 1, 1998, at  
396 the rate of five per cent, on or after July 1, 1998, and prior to July 1,  
397 1999, at the rate of four per cent, on or after July 1, 1999, and prior to  
398 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and

399 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,  
400 at the rate of one per cent, and, on or after July 1, 2013, at the rate of  
401 one per cent, provided the sale and use is by and to a business entity,  
402 and such services are to be used directly in or by a business, and (ii)  
403 with respect to sales of Internet access services, on and after July 1,  
404 2001, such services shall be exempt from such tax;

405 (E) (i) With respect to the sales of labor that is otherwise taxable  
406 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of  
407 section 12-407 on existing vessels and repair or maintenance services  
408 on vessels occurring on and after July 1, 1999, such services shall be  
409 exempt from such tax;

410 (ii) With respect to the sale of a vessel, such sale shall be exempt  
411 from such tax provided such vessel is docked in this state for sixty or  
412 fewer days in a calendar year;

413 (F) With respect to patient care services for which payment is  
414 received by the hospital on or after July 1, 1999, and prior to July 1,  
415 2001, at the rate of five and three-fourths per cent and on and after July  
416 1, 2001, such services shall be exempt from such tax;

417 (G) With respect to the rental or leasing of a passenger motor  
418 vehicle for a period of thirty consecutive calendar days or less, at a rate  
419 of nine and thirty-five-hundredths per cent;

420 (H) With respect to the sale of (i) a motor vehicle for a sales price  
421 exceeding fifty thousand dollars, at a rate of seven per cent on the  
422 entire sales price, (ii) [a vessel for a sales price exceeding one hundred  
423 thousand dollars, at a rate of seven per cent on the entire sales price,  
424 (iii)] jewelry, whether real or imitation, for a sales price exceeding five  
425 thousand dollars, at a rate of seven per cent on the entire sales price,  
426 and [(iv)] (iii) an article of clothing or footwear intended to be worn on  
427 or about the human body, a handbag, luggage, umbrella, wallet or  
428 watch for a sales price exceeding one thousand dollars, at a rate of  
429 seven per cent on the entire sales price. For purposes of this  
430 subparagraph, "motor vehicle" shall have the meaning provided in

431 section 14-1, but shall not include a motor vehicle subject to the  
432 provisions of subparagraph (C) of this subdivision, a motor vehicle  
433 having a gross vehicle weight rating over twelve thousand five  
434 hundred pounds, or a motor vehicle having a gross vehicle weight  
435 rating of twelve thousand five hundred pounds or less that is not used  
436 for private passenger purposes, but is designed or used to transport  
437 merchandise, freight or persons in connection with any business  
438 enterprise and issued a commercial registration or more specific type  
439 of registration by the Department of Motor Vehicles;

440 (I) The rate of tax imposed by this chapter shall be applicable to all  
441 retail sales upon the effective date of such rate, except that a new rate  
442 which represents an increase in the rate applicable to the sale shall not  
443 apply to any sales transaction wherein a binding sales contract without  
444 an escalator clause has been entered into prior to the effective date of  
445 the new rate and delivery is made within ninety days after the effective  
446 date of the new rate. For the purposes of payment of the tax imposed  
447 under this section, any retailer of services taxable under subparagraph  
448 (I) of subdivision (2) of subsection (a) of section 12-407, who computes  
449 taxable income, for purposes of taxation under the Internal Revenue  
450 Code of 1986, or any subsequent corresponding internal revenue code  
451 of the United States, as from time to time amended, on an accounting  
452 basis which recognizes only cash or other valuable consideration  
453 actually received as income and who is liable for such tax only due to  
454 the rendering of such services may make payments related to such tax  
455 for the period during which such income is received, without penalty  
456 or interest, without regard to when such service is rendered; and

457 [(J) For calendar quarters ending on or after September 30, 2011, the  
458 commissioner shall deposit into the municipal revenue sharing  
459 account, established pursuant to section 4-66l, one and fifty-seven-  
460 hundredths per cent of the amounts received by the state from the tax  
461 imposed under subparagraph (A) of this subdivision, and one and  
462 forty-three-hundredths per cent of the amounts received by the state  
463 from the tax imposed under subparagraph (H) of this subdivision;  
464 and]

465 [(K)] (I) For calendar quarters ending on or after September 30, 2011,  
466 the commissioner shall deposit into the regional performance incentive  
467 account, established pursuant to section 4-66k, six and seven-tenths  
468 per cent of the amounts received by the state from the tax imposed  
469 under subparagraph (B) of this subdivision and ten and seven-tenths  
470 per cent of the amounts received by the state from the tax imposed  
471 under subparagraph (G) of this subdivision.

472 Sec. 9. Subdivision (1) of section 12-411 of the general statutes is  
473 repealed and the following is substituted in lieu thereof (*Effective July*  
474 *1, 2013*):

475 (1) (A) An excise tax is hereby imposed on the storage, acceptance,  
476 consumption or any other use in this state of tangible personal  
477 property purchased from any retailer for storage, acceptance,  
478 consumption or any other use in this state, the acceptance or receipt of  
479 any services constituting a sale in accordance with subdivision (2) of  
480 subsection (a) of section 12-407, purchased from any retailer for  
481 consumption or use in this state, or the storage, acceptance,  
482 consumption or any other use in this state of tangible personal  
483 property which has been manufactured, fabricated, assembled or  
484 processed from materials by a person, either within or without this  
485 state, for storage, acceptance, consumption or any other use by such  
486 person in this state, to be measured by the sales price of materials, at  
487 the rate of six and thirty-five-hundredths per cent of the sales price of  
488 such property or services, except, in lieu of said rate of six and thirty-  
489 five-hundredths per cent;

490 (B) At a rate of fifteen per cent of the rent paid for occupancy of any  
491 room or rooms in a hotel or lodging house for the first period of not  
492 exceeding thirty consecutive calendar days;

493 (C) With respect to the storage, acceptance, consumption or use in  
494 this state of a motor vehicle purchased from any retailer for storage,  
495 acceptance, consumption or use in this state by any individual who is a  
496 member of the armed forces of the United States and is on full-time  
497 active duty in Connecticut and who is considered, under 50 App USC

498 574, a resident of another state, or to any such individual and the  
499 spouse of such individual at a rate of four and one-half per cent of the  
500 sales price of such vehicle, provided such retailer requires and  
501 maintains a declaration by such individual, prescribed as to form by  
502 the commissioner and bearing notice to the effect that false statements  
503 made in such declaration are punishable, or other evidence,  
504 satisfactory to the commissioner, concerning the purchaser's state of  
505 residence under 50 App USC 574;

506 (D) (i) With respect to the acceptance or receipt in this state of labor  
507 that is otherwise taxable under subparagraph (C) or (G) of subdivision  
508 (2) of subsection (a) of section 12-407 on existing vessels and repair or  
509 maintenance services on vessels occurring on and after July 1, 1999,  
510 such services shall be exempt from such tax;

511 (ii) With respect to the storage, acceptance or other use of a vessel in  
512 this state, such storage, acceptance or other use shall be exempt from  
513 such tax, provided such vessel is docked in this state for sixty or fewer  
514 days in a calendar year;

515 (E) With respect to the acceptance or receipt in this state of  
516 computer and data processing services purchased from any retailer for  
517 consumption or use in this state occurring on or after July 1, 1997, and  
518 prior to July 1, 1998, at the rate of five per cent of such services, on or  
519 after July 1, 1998, and prior to July 1, 1999, at the rate of four per cent of  
520 such services, on or after July 1, 1999, and prior to July 1, 2000, at the  
521 rate of three per cent of such services, on or after July 1, 2000, and prior  
522 to July 1, 2001, at the rate of two per cent of such services, on and after  
523 July 1, 2001, at the rate of one per cent of such services, and, on or after  
524 July 1, 2013, at the rate of one per cent, provided the sale and use is by  
525 and to a business entity, and such services are to be used directly in or  
526 by a business, and (ii) with respect to the acceptance or receipt in this  
527 state of Internet access services, on or after July 1, 2001, such services  
528 shall be exempt from tax;

529 (F) With respect to the acceptance or receipt in this state of patient  
530 care services purchased from any retailer for consumption or use in

531 this state for which payment is received by the hospital on or after July  
532 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths  
533 per cent and on and after July 1, 2001, such services shall be exempt  
534 from such tax;

535 (G) With respect to the rental or leasing of a passenger motor  
536 vehicle for a period of thirty consecutive calendar days or less, at a rate  
537 of nine and thirty-five-hundredths per cent;

538 (H) With respect to the sale of (i) a motor vehicle for a sales price  
539 exceeding fifty thousand dollars, at a rate of seven per cent on the  
540 entire [purchase] sales price, (ii) [a vessel for a sales price exceeding  
541 one hundred thousand dollars, at a rate of seven per cent on the entire  
542 purchase price, (iii)] jewelry, whether real or imitation, for a sales price  
543 exceeding five thousand dollars, at a rate of seven per cent on the  
544 entire [purchase] sales price, and [(iv)] (iii) an article of clothing or  
545 footwear intended to be worn on or about the human body, a handbag,  
546 luggage, umbrella, wallet or watch for a sales price exceeding one  
547 thousand dollars, at a rate of seven per cent on the entire [purchase]  
548 sales price. For purposes of this subparagraph, "motor vehicle" shall  
549 have the meaning provided in section 14-1, but shall not include a  
550 motor vehicle subject to the provisions of subparagraph (C) of this  
551 subdivision, a motor vehicle having a gross vehicle weight rating over  
552 twelve thousand five hundred pounds, or a motor vehicle having a  
553 gross vehicle weight rating of twelve thousand five hundred pounds  
554 or less that is not used for private passenger purposes, but is designed  
555 or used to transport merchandise, freight or persons in connection  
556 with any business enterprise and issued a commercial registration or  
557 more specific type of registration by the Department of Motor  
558 Vehicles; and

559 [(I) For calendar quarters ending on or after September 30, 2011, the  
560 commissioner shall deposit into the municipal revenue sharing  
561 account, established pursuant to section 4-66l, one and fifty-seven-  
562 hundredths per cent of the amounts received by the state from the tax  
563 imposed under subparagraph (A) of this subdivision, and one and

564 forty-three-hundredths of the amounts received by the state from the  
565 tax imposed under subparagraph (H) of this subdivision; and]

566 [(J)] (I) For calendar quarters ending on or after September 30, 2011,  
567 the commissioner shall deposit into the regional performance incentive  
568 account, established pursuant to section 4-66k, six and seven-tenths  
569 per cent of the amounts received by the state from the tax imposed  
570 under subparagraph (B) of this subdivision and ten and seven-tenths  
571 per cent of the amounts received by the state from the tax imposed  
572 under subparagraph (G) of this subdivision.

573 Sec. 10. Section 12-633 of the general statutes is repealed and the  
574 following is substituted in lieu thereof (*Effective from passage*):

575 The Commissioner of Revenue Services shall grant a credit against  
576 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or  
577 212 in an amount not to exceed sixty per cent of the total cash amount  
578 invested during the taxable year by the business firm in programs  
579 operated or created pursuant to proposals approved pursuant to  
580 section 12-632, provided a tax credit not to exceed one hundred per  
581 cent of the total cash amount invested during the taxable year by the  
582 business firm may be allowed for investment in certain energy  
583 conservation or neighborhood advocacy projects as provided in  
584 subdivisions (1), [and] (2) and (3) of section 12-635, as amended by this  
585 act.

586 Sec. 11. Section 12-635 of the general statutes is repealed and the  
587 following is substituted in lieu thereof (*Effective from passage*):

588 The Commissioner of Revenue Services shall grant a credit against  
589 any tax due under the provisions of chapter 207, 208, 209, 210, 211 or  
590 212: (1) In an amount not to exceed one hundred per cent of the total  
591 cash amount invested during the taxable year by the business firm in  
592 programs operated or created pursuant to proposals approved  
593 pursuant to section 12-632 for energy conservation projects directed  
594 toward properties occupied by persons, at least seventy-five per cent  
595 of whom are at an income level not exceeding one hundred fifty per

596 cent of the poverty level for the year next preceding the year during  
597 which such tax credit is to be granted; (2) in an amount [equal to] not  
598 to exceed one hundred per cent of the total cash amount invested  
599 during the taxable year by the business firm in programs operated or  
600 created pursuant to proposals approved pursuant to section 12-632 for  
601 energy conservation projects at properties owned or occupied by  
602 charitable corporations, foundations, trusts or other entities as  
603 determined under regulations adopted pursuant to this chapter; [or]  
604 (3) in an amount not to exceed one hundred per cent of the total cash  
605 amount invested during the taxable year by the business firm for  
606 neighborhood advocacy provided to a targeted investment  
607 community, as defined in section 32-222; or (4) in an amount not to  
608 exceed sixty per cent of the total cash amount invested during the  
609 taxable year by the business firm (A) in employment and training  
610 programs directed at youths, at least seventy-five per cent of whom are  
611 at an income level not exceeding one hundred fifty per cent of the  
612 poverty level for the year next preceding the year during which such  
613 tax credit is to be granted; (B) in employment and training programs  
614 directed at handicapped persons as determined under regulations  
615 adopted pursuant to this chapter; (C) in employment and training  
616 programs for unemployed workers who are fifty years of age or older;  
617 (D) in education and employment training programs for recipients in  
618 the temporary family assistance program; or (E) in child care services.  
619 Any other program which serves persons at least seventy-five per cent  
620 of whom are at an income level not exceeding one hundred fifty per  
621 cent of the poverty level for the year next preceding the year during  
622 which such tax credit is to be granted and which meets the standards  
623 for eligibility under this chapter shall be eligible for a tax credit under  
624 this section in an amount equal to sixty per cent of the total cash  
625 invested by the business firm in such program.

626 Sec. 12. Section 12-704e of the general statutes is repealed and the  
627 following is substituted in lieu thereof (*Effective from passage and*  
628 *applicable to taxable years commencing on or after January 1, 2013*):

629 (a) Any resident of this state, as defined in subdivision (1) of

630 subsection (a) of section 12-701, who is subject to the tax imposed  
631 under this chapter for any taxable year shall be allowed a credit  
632 against the tax otherwise due under this chapter in an amount equal to  
633 [thirty per cent] the applicable percentage, as defined in subsection (e)  
634 of this section, of the earned income credit claimed and allowed for the  
635 same taxable year under Section 32 of the Internal Revenue Code, as  
636 defined in subsection (a) of section 12-701.

637 (b) If the amount of the credit allowed pursuant to this section  
638 exceeds the taxpayer's liability for the tax imposed under this chapter,  
639 the Commissioner of Revenue Services shall treat such excess as an  
640 overpayment and, except as provided under section 12-739 or 12-742,  
641 shall refund the amount of such excess, without interest, to the  
642 taxpayer.

643 (c) If a married individual who is otherwise eligible for the credit  
644 allowed hereunder has filed a joint federal income tax return for the  
645 taxable year, but is required to file a separate return under this chapter  
646 for such taxable year, the credit for which such individual is eligible  
647 under this section shall be an amount equal to [thirty per cent] the  
648 applicable percentage, as defined in subsection (e) of this section, of  
649 the earned income credit claimed and allowed for such taxable year  
650 under said Section 32 of the Internal Revenue Code multiplied by a  
651 fraction, the numerator of which is such individual's federal adjusted  
652 gross income, as reported on such individual's separate return under  
653 this chapter, and the denominator of which is the federal adjusted  
654 gross income, as reported on the joint federal income tax return.

655 (d) To the extent permitted under federal law, any state or federal  
656 earned income tax credit shall not be counted as income when received  
657 by an individual who is an applicant for, or recipient of, benefits or  
658 services under any state or federal program that provides such benefits  
659 or services based on need, nor shall any such earned income tax credit  
660 be counted as resources, for the purpose of determining the  
661 individual's or any other individual's eligibility for such benefits or  
662 services, or the amount of such benefits or services.

663 (e) For purposes of this section, "applicable percentage" means thirty  
664 per cent, except (1) for the taxable year commencing on January 1,  
665 2013, "applicable percentage" means twenty-five per cent, and (2) for  
666 the taxable year commencing on January 1, 2014, "applicable  
667 percentage" means twenty-seven and one-half per cent.

668 Sec. 13. Section 13b-61a of the general statutes is repealed and the  
669 following is substituted in lieu thereof (*Effective July 1, 2013*):

670 (a) Notwithstanding the provisions of subsection (a) of section 13b-  
671 61: (1) For calendar quarters ending on or after September 30, 1998,  
672 and prior to September 30, 1999, the Commissioner of Revenue  
673 Services shall deposit into the Special Transportation Fund established  
674 under section 13b-68 five million dollars of the amount of funds  
675 received by the state from the tax imposed under section 12-587 on the  
676 gross earnings from the sales of petroleum products attributable to  
677 sales of motor vehicle fuel; (2) for calendar quarters ending September  
678 30, 1999, and prior to September 30, 2000, the commissioner shall  
679 deposit into the Special Transportation Fund nine million dollars of the  
680 amount of such funds received by the state from the tax imposed  
681 under said section 12-587 on the gross earnings from the sales of  
682 petroleum products attributable to sales of motor vehicle fuel; (3) for  
683 calendar quarters ending September 30, 2000, and prior to September  
684 30, 2002, the commissioner shall deposit into the Special  
685 Transportation Fund eleven million five hundred thousand dollars of  
686 the amount of such funds received by the state from the tax imposed  
687 under said section 12-587 on the gross earnings from the sales of  
688 petroleum products attributable to sales of motor vehicle fuel; (4) for  
689 the calendar quarters ending September 30, 2002, and prior to  
690 September 30, 2003, the commissioner shall deposit into the Special  
691 Transportation Fund, five million dollars of the amount of such funds  
692 received by the state from the tax imposed under said section 12-587  
693 on the gross earnings from the sales of petroleum products attributable  
694 to sales of motor vehicle fuel; (5) for the calendar quarter ending  
695 September 30, 2003, and prior to September 30, 2005, the commissioner  
696 shall deposit into the Special Transportation Fund, five million two

697 hundred fifty thousand dollars of the amount of such funds received  
 698 by the state from the tax imposed under said section 12-587 on the  
 699 gross earnings from the sales of petroleum products attributable to  
 700 sales of motor vehicle fuel; and (6) for the calendar quarters ending  
 701 September 30, 2005, and prior to September 30, 2006, the commissioner  
 702 shall deposit into the Special Transportation Fund ten million eight  
 703 hundred seventy-five thousand dollars of the amount of such funds  
 704 received by the state from the tax imposed under said section 12-587  
 705 on the gross earnings from the sales of petroleum products attributable  
 706 to sales of motor vehicle fuel.

707 (b) Notwithstanding the provisions of subsection (a) of section 13b-  
 708 61, for calendar quarters ending on or after September 30, 2006, the  
 709 Comptroller shall deposit into the Special Transportation Fund an  
 710 annual amount in accordance with the following schedule, from such  
 711 funds received by the state from the tax imposed under said section 12-  
 712 587 on the gross earnings from the sales of petroleum products. Such  
 713 transfers shall be made in quarterly installments.

T1	Fiscal Year	Annual Transfer
T2		
T3	2007	\$141,000,000
T4	2008	\$127,800,000
T5	2009	\$141,900,000
T6	2010	\$141,900,000
T7	2011	\$165,300,000
T8	2012	\$226,900,000
T9	2013	\$199,400,000
T10	2014	[\$222,700,000] <u>\$380,700,000</u>
T11	2015	[\$226,800,000] <u>\$379,100,000</u>
T12	2016 and thereafter	[\$231,400,000] <u>\$377,300,000</u>

714 (c) If in any calendar quarter ending on or after September 30, 2006,  
 715 receipts from the tax imposed under section 12-587 are less than  
 716 twenty-five per cent of the total of (1) the amount required to be  
 717 transferred pursuant to the Special Transportation Fund pursuant to

718 subsections (a) and (b) of this section, and (2) any other transfers  
719 required by law, the Comptroller shall certify to the Treasurer the  
720 amount of such shortfall and shall forthwith transfer an amount equal  
721 to such shortfall from the resources of the General Fund into the  
722 Special Transportation Fund.

723 (d) The Commissioner of Revenue Services shall, on or before  
724 January 1, 2013, and on or before the first day of January biennially  
725 thereafter, calculate the amount of tax paid pursuant to section 12-587  
726 on gasoline sold for the prior fiscal year as a percentage of total tax  
727 collected under said section. Such percentage shall become the basis  
728 for determining the transfers to be made under subsection (b) of this  
729 section. The commissioner shall notify the chairpersons and ranking  
730 members of the joint standing committee of the General Assembly  
731 having cognizance of matters relating to finance, revenue and bonding,  
732 and the Secretary of the Office of Policy and Management of such  
733 percentage calculation.

734 Sec. 14. Section 13b-61c of the general statutes is repealed and the  
735 following is substituted in lieu thereof (*Effective July 1, 2013*):

736 (a) For the fiscal year ending June 30, 2010, the Comptroller shall  
737 transfer the sum of seventy-one million two hundred thousand dollars  
738 from the resources of the General Fund to the Special Transportation  
739 Fund.

740 (b) For the fiscal year ending June 30, 2011, the Comptroller shall  
741 transfer the sum of one hundred seven million five hundred fifty  
742 thousand dollars from the resources of the General Fund to the Special  
743 Transportation Fund.

744 (c) For the fiscal year ending June 30, 2012, the Comptroller shall  
745 transfer the sum of eighty-one million five hundred fifty thousand  
746 dollars from the resources of the General Fund to the Special  
747 Transportation Fund.

748 (d) For the fiscal year ending June 30, 2013, the Comptroller shall

749 transfer the sum of ninety-five million two hundred forty-five  
750 thousand dollars from the resources of the General Fund to the Special  
751 Transportation Fund.

752 (e) For the fiscal year ending June 30, [2014, and annually thereafter]  
753 2015, the Comptroller shall transfer the sum of [one hundred seventy-  
754 two million eight hundred thousand] twenty million five hundred  
755 thousand dollars from the resources of the General Fund to the Special  
756 Transportation Fund.

757 (f) For the fiscal year ending June 30, 2016, the Comptroller shall  
758 transfer the sum of one hundred fifty-two million eight hundred  
759 thousand dollars from the resources of the General Fund to the Special  
760 Transportation Fund.

761 (g) For the fiscal year ending June 30, 2017, and annually thereafter,  
762 the Comptroller shall transfer the sum of one hundred sixty-two  
763 million eight hundred thousand dollars from the resources of the  
764 General Fund to the Special Transportation Fund.

765 Sec. 15. Subdivision (1) of subsection (i) of section 32-9t of the  
766 general statutes is repealed and the following is substituted in lieu  
767 thereof (*Effective January 1, 2014*):

768 (i) (1) There shall be allowed as a credit against the tax imposed  
769 under chapters 207 to 212a, inclusive, or section 38a-743, or a  
770 combination of said taxes, an amount equal to the following  
771 percentage of approved investments made by or on behalf of a  
772 taxpayer with respect to the following income years of the taxpayer:  
773 (A) With respect to the income year in which the investment in the  
774 eligible project was made and the two next succeeding income years,  
775 zero per cent; (B) with respect to the third full income year succeeding  
776 the year in which the investment in the eligible project was made and  
777 the three next succeeding income years, ten per cent; (C) with respect  
778 to the seventh full income year succeeding the year in which the  
779 investment in the eligible project was made and the next two  
780 succeeding years, twenty per cent. The sum of all tax credits granted

781 pursuant to the provisions of this section shall not exceed one hundred  
782 million dollars with respect to a single eligible urban reinvestment  
783 project or a single eligible industrial site investment project approved  
784 by the commissioner. The sum of all tax credits granted pursuant to  
785 the provisions of this section shall not exceed [six hundred fifty  
786 million] eight hundred million dollars.

787 Sec. 16. Section 12-81 of the general statutes is amended by adding  
788 subdivision (78) as follows (*Effective October 1, 2013*):

789 (NEW) (78) (A) On and after July 1, 2019, an eligible vehicle  
790 belonging to any person who is an owner or a lessee of such eligible  
791 vehicle, provided this exemption shall apply to the net assessed value  
792 of such eligible vehicle up to a maximum value of twenty thousand  
793 dollars;

794 (B) For purposes of this subdivision, "eligible vehicle" means a car,  
795 light duty truck, pick-up truck or motorcycle identified on a list the  
796 Commissioner of Motor Vehicles provides to the assessor of each town  
797 pursuant to section 14-163; "lessee" means a person who leases an  
798 eligible vehicle for a period of not less than one year, from a lessor who  
799 is a licensee under section 14-15, pursuant to a written lease agreement  
800 that assigns responsibility for the payment of any property tax for the  
801 eligible vehicle to such lessee, regardless of whether a charge for such  
802 tax is separately stated in said agreement or on a bill or invoice that  
803 may be rendered to the lessee by either a taxing jurisdiction or the  
804 lessor; "net assessed value" means the valuation of an eligible vehicle  
805 for purposes of assessment, less the total of all property tax exemption  
806 for which the owner of such eligible vehicle qualifies; and "person"  
807 means a natural person.

808 Sec. 17. (NEW) (*Effective July 1, 2013*) (a) For purposes of this section:

809 (1) "Gas company" means a gas company, as defined in section 16-1  
810 of the general statutes;

811 (2) "Person" means person, as defined in section 12-1 of the general

812 statutes;

813 (3) "Comprehensive energy plan" means the comprehensive energy  
814 plan described in section 16a-3d of the general statutes; and

815 (4) "Eligible customer" means a person (A) whose premises (i) as of  
816 July 1, 2013, are not located on or within one hundred fifty feet of a gas  
817 distribution main, and (ii) are included in the natural gas expansion  
818 plan prepared by a gas company and approved by the Department of  
819 Energy and Environmental Protection pursuant to the comprehensive  
820 energy plan, and (B) who has made a commitment, on or after July 1,  
821 2013, and prior to January 1, 2014, to a gas company to convert to  
822 natural gas when natural gas is available.

823 (b) There shall be allowed a credit to a gas company against the tax  
824 imposed under chapter 212 of the general statutes, for calendar  
825 quarters commencing on and after July 1, 2014. Such credit shall be in  
826 an amount equal to the amount credited by a gas company to an  
827 eligible customer. In no event shall the total amount credited by such  
828 gas company to an eligible customer exceed five hundred dollars, and  
829 no credits shall be allowed by such gas company to eligible customers  
830 until calendar quarters commencing on or after October 1, 2013.

831 (c) To claim a credit under this section, a gas company shall  
832 establish, to the satisfaction of the Commissioner of Revenue Services,  
833 that it granted to each eligible customer on such customer's monthly  
834 bill or invoice an amount equal to the credit claimed by such gas  
835 company.

836 (d) The total amount of credits granted under this section shall not  
837 exceed five million dollars in each fiscal year, commencing with the  
838 fiscal year ending June 30, 2015.

839 Sec. 18. (NEW) (*Effective from passage*) (a) Residential customers and  
840 small commercial customers, as each is defined in subsection (k) of  
841 section 16-244c of the general statutes, who, as of June 1, 2013, are  
842 receiving the standard offer and have not contracted with a

843 participating electric supplier, shall be aggregated by the state for the  
844 purpose of auctioning the right to provide competitively-priced  
845 electric generation service to such customers by electric suppliers  
846 licensed in the state pursuant to section 16-245 of the general statutes.

847 (b) The procurement manager of the Public Utilities Regulatory  
848 Authority shall issue a request for proposals to all electric suppliers  
849 licensed in the state for a bid to provide a full service contract to blocks  
850 of residential customers and small commercial customers on the  
851 standard offer at a price that is not less than five per cent below the  
852 standard offer rate for such customer class as of April 1, 2013, for a  
853 period of not less than twelve months from the date such service  
854 commences. The procurement manager shall establish the criteria for  
855 selection of the successful proposers for competitive electric supplier  
856 and shall provide the notice of the request for proposals to each electric  
857 supplier licensed in this state as of the date of the issuance of the  
858 request for proposals.

859 (c) (1) The responses to the request for proposal shall include the  
860 price per customer such electric supplier will offer for the right to  
861 supply electricity to customer blocks of not less than one hundred  
862 thousand and the price per customer for each additional increment of  
863 not less than ten thousand additional customers.

864 (2) The proposed term offered by such electric supplier shall be for a  
865 term of not less than three years and shall lock in the rate set forth in  
866 subsection (b) of this section for a period of not less than twelve  
867 months from the commencement of service and shall include a  
868 schedule for price determination for the subsequent two-year period.

869 (3) The price per customer shall be expressed in cost per kilowatt  
870 hour and may include different rates for different customer classes and  
871 levels of usage.

872 (d) The electric distribution companies supplying residential  
873 customers and small commercial customers on the standard offer shall  
874 provide to the procurement manager such relevant data as requested

875 by the procurement manager for purposes of developing the request  
876 for proposals, including, but not limited to, the average per customer  
877 usage in each such customer class for the previous twelve-month  
878 period, the number of such customers who are delinquent, have  
879 defaulted or are in collections, and the net average number of such  
880 customers who moved off of the standard offer in the preceding  
881 twelve-month period.

882 (e) Nothing in this section shall prohibit a residential customer or  
883 small business customer who has been aggregated and auctioned to an  
884 electric supplier from choosing to obtain service from any other  
885 licensed electric supplier at any time.

886 (f) The procurement manager shall issue a request for proposals on  
887 or before July 1, 2013, and at subsequent intervals of not less than three  
888 years or when the number of new residential customers and small  
889 commercial customers on the standard offer and not served by a  
890 competitive electric supplier reaches a threshold of ten thousand  
891 customers.

892 (g) The electric supplier or suppliers awarded a competitive supply  
893 contract as a result of the request for proposals issued pursuant to this  
894 section shall remit the amount accepted as its per customer bid to the  
895 state for deposit into the General Fund not later than thirty days after  
896 the date of the award.

897 (h) In accordance with the provisions of section 16-244m of the  
898 general statutes, an electric distribution company shall continue to  
899 provide service to (1) any residential customer or small commercial  
900 customer not transferred to a competitive electric supplier as a result of  
901 the auction process provided for in this section, or (2) any new  
902 residential customer or small commercial customer that does not select  
903 a competitive electric supplier.

904 (i) The procurement manager may require an electric supplier to  
905 provide forms of assurance that the contracts resulting from the  
906 auction process will be fulfilled. An electric supplier that fails to fulfill

907 its contractual obligations pursuant to an award in accordance with  
908 this section shall be subject to civil penalties, in accordance with the  
909 provisions of section 16-41 of the general statutes, or the suspension or  
910 revocation of such electric supplier's license, or a prohibition on the  
911 acceptance of new customers by such electric supplier, following a  
912 hearing that is conducted as a contested case, as provided in chapter 54  
913 of the general statutes.

914 Sec. 19. Subsection (a) of section 7-34a of the general statutes is  
915 repealed and the following is substituted in lieu thereof (*Effective July*  
916 *1, 2013*):

917 (a) Town clerks shall receive, for recording any document, ten  
918 dollars for the first page and five dollars for each subsequent page or  
919 fractional part thereof, a page being not more than eight and one-half  
920 by fourteen inches. Town clerks shall receive, for recording the  
921 information contained in a certificate of registration for the practice of  
922 any of the healing arts, [five] ten dollars. Town clerks shall receive, for  
923 recording documents conforming to, or substantially similar to, section  
924 47-36c, which are clearly entitled "statutory form" in the heading of  
925 such documents, as follows: For the first page of a warranty deed, a  
926 quitclaim deed, a mortgage deed, or an assignment of mortgage, ten  
927 dollars; for each additional page of such documents, five dollars; and  
928 for each assignment of mortgage, subsequent to the first two  
929 assignments, two dollars. Town clerks shall receive, for recording any  
930 document with respect to which certain data must be submitted by  
931 each town clerk to the Secretary of the Office of Policy and  
932 Management in accordance with section 10-261b, two dollars in  
933 addition to the regular recording fee. Any person who offers any  
934 written document for recording in the office of any town clerk, which  
935 document fails to have legibly typed, printed or stamped directly  
936 beneath the signatures the names of the persons who executed such  
937 document, the names of any witnesses thereto and the name of the  
938 officer before whom the same was acknowledged, shall pay one dollar  
939 in addition to the regular recording fee. Town clerks shall receive, for  
940 recording any deed, except a mortgage deed, conveying title to real

941 estate, which deed does not contain the current mailing address of the  
942 grantee, five dollars in addition to the regular recording fee. Town  
943 clerks shall receive, for filing any document, [five] ten dollars; for  
944 receiving and keeping a survey or map, legally filed in the town clerk's  
945 office, [five] ten dollars; and for indexing such survey or map, in  
946 accordance with section 7-32, [five] ten dollars, except with respect to  
947 indexing any such survey or map pertaining to a subdivision of land as  
948 defined in section 8-18, in which event town clerks shall receive  
949 [fifteen] twenty dollars for each such indexing. Town clerks shall  
950 receive, for a copy, in any format, of any document either recorded or  
951 filed in their offices, one dollar for each page or fractional part thereof,  
952 as the case may be; for certifying any copy of the same, two dollars; for  
953 making a copy of any survey or map, the actual cost thereof; and for  
954 certifying such copy of a survey or map, two dollars. Town clerks shall  
955 receive, for recording the commission and oath of a notary public, [ten]  
956 twenty dollars; and for certifying under seal to the official character of  
957 a notary, [two] five dollars.

958 Sec. 20. Section 7-73 of the general statutes is repealed and the  
959 following is substituted in lieu thereof (*Effective July 1, 2013*):

960 (a) To any person performing the duties required by the provisions  
961 of the general statutes relating to registration of marriages, deaths and  
962 fetal deaths, the following fees shall be allowed: (1) For the license to  
963 marry, [ten] twenty dollars; and (2) for issuing each burial or removal,  
964 transit and burial permit, [three] ten dollars.

965 (b) A [twenty-dollar] thirty-dollar surcharge shall be paid to the  
966 registrar for each license to marry in addition to the fee for such license  
967 established pursuant to subsection (a) of this section. The registrar  
968 shall retain [one dollar] five dollars from each such surcharge for  
969 administrative costs and shall forward the remainder, on or before the  
970 tenth day of the month following each calendar quarter, to the  
971 Department of Public Health. The receipts shall be deposited into an  
972 account of the State Treasurer and credited to the General Fund. The  
973 State Treasurer shall segregate seventy-six per cent of the receipts for

974 further credit to a separate nonlapsing account established by the  
975 Comptroller for use by the Department of Social Services for shelter  
976 services for victims of household abuse in accordance with section 17b-  
977 850 and by the Department of Public Health for rape crisis services  
978 funded under section 19a-2a. Such funds shall be allocated for these  
979 purposes by the Office of Policy and Management in consultation with  
980 the Commissioners of Social Services and Public Health based on an  
981 evaluation of need, service delivery costs and availability of other  
982 funds. The Commissioners of Social Services and Public Health shall  
983 distribute such funds to the recipient organizations in accordance with  
984 such allocations not later than October fifteenth, annually. No such  
985 funds shall (1) be retained by the Office of Policy and Management, the  
986 Commissioner of Social Services or the Commissioner of Public Health  
987 for administrative purposes; or (2) supplant any state or federal funds  
988 otherwise available for such services.

989 Sec. 21. Subsection (b) of section 19a-323 of the general statutes is  
990 repealed and the following is substituted in lieu thereof (*Effective July*  
991 *1, 2013*):

992 (b) If death occurred in this state, the death certificate required by  
993 law shall be filed with the registrar of vital statistics for the town in  
994 which such person died, if known, or, if not known, for the town in  
995 which the body was found. The Chief Medical Examiner, Deputy Chief  
996 Medical Examiner, associate medical examiner, an authorized assistant  
997 medical examiner or other authorized designee shall complete the  
998 cremation certificate, stating that such medical examiner or other  
999 authorized designee has made inquiry into the cause and manner of  
1000 death and is of the opinion that no further examination or judicial  
1001 inquiry is necessary. The cremation certificate shall be submitted to the  
1002 registrar of vital statistics of the town in which such person died, if  
1003 known, or, if not known, of the town in which the body was found, or  
1004 with the registrar of vital statistics of the town in which the funeral  
1005 director having charge of the body is located. Upon receipt of the  
1006 cremation certificate, the registrar shall authorize such certificate, keep  
1007 such certificate on permanent record, and issue a cremation permit,

1008 except that if the cremation certificate is submitted to the registrar of  
1009 the town where the funeral director is located, such certificate shall be  
1010 forwarded to the registrar of the town where the person died to be  
1011 kept on permanent record. If a cremation permit must be obtained  
1012 during the hours that the office of the local registrar of the town where  
1013 death occurred is closed, a subregistrar appointed to serve such town  
1014 may authorize such cremation permit upon receipt and review of a  
1015 properly completed cremation permit and cremation certificate. A  
1016 subregistrar who is licensed as a funeral director or embalmer  
1017 pursuant to chapter 385, or the employee or agent of such funeral  
1018 director or embalmer shall not issue a cremation permit to himself or  
1019 herself. A subregistrar shall forward the cremation certificate to the  
1020 local registrar of the town where death occurred, not later than seven  
1021 days after receiving such certificate. The estate of the deceased person,  
1022 if any, shall pay the sum of one hundred fifty dollars for the issuance  
1023 of the cremation certificate, provided the Office of the Chief Medical  
1024 Examiner shall not assess any fees for costs that are associated with the  
1025 cremation of a stillborn fetus. No cremation certificate shall be  
1026 required for a permit to cremate the remains of bodies pursuant to  
1027 section 19a-270a. When the cremation certificate is submitted to a town  
1028 other than that where the person died, the registrar of vital statistics  
1029 for such other town shall ascertain from the original removal, transit  
1030 and burial permit that the certificates required by the state statutes  
1031 have been received and recorded, that the body has been prepared in  
1032 accordance with the Public Health Code and that the entry regarding  
1033 the place of disposal is correct. Whenever the registrar finds that the  
1034 place of disposal is incorrect, the registrar shall issue a corrected  
1035 removal, transit and burial permit and, after inscribing and recording  
1036 the original permit in the manner prescribed for sextons' reports under  
1037 section 7-66, shall then immediately give written notice to the registrar  
1038 for the town where the death occurred of the change in place of  
1039 disposal stating the name and place of the crematory and the date of  
1040 cremation. Such written notice shall be sufficient authorization to  
1041 correct these items on the original certificate of death. The fee for a  
1042 cremation permit shall be [three] ten dollars and for the written notice

1043 one dollar. The Department of Public Health shall provide forms for  
1044 cremation permits, which shall not be the same as for regular burial  
1045 permits and shall include space to record information about the  
1046 intended manner of disposition of the cremated remains, and such  
1047 blanks and books as may be required by the registrars.

1048 Sec. 22. Section 30-53 of the general statutes is repealed and the  
1049 following is substituted in lieu thereof (*Effective July 1, 2013*):

1050 Each permit granted or renewed by the Department of Consumer  
1051 Protection shall be of no effect until a duplicate thereof has been filed  
1052 by the permittee with the town clerk of the town within which the club  
1053 or place of business described in such permit is situated; provided the  
1054 place of filing of railroad and boat permits shall be the office of the  
1055 town clerk of the town of New Haven, and airline permits, the office of  
1056 the town clerk of the town of Hartford. The fee for such filing shall be  
1057 [two] twenty dollars.

1058 Sec. 23. (*Effective July 1, 2013*) Notwithstanding any provision of the  
1059 general statutes, the sum of \$30,000,000 shall be transferred from the  
1060 resources of the Connecticut Resource Recovery Authority (CRRA)  
1061 and credited to the resources of the General Fund for the fiscal year  
1062 ending June 30, 2014.

1063 Sec. 24. (*Effective July 1, 2013*) Notwithstanding the provisions of  
1064 section 16-331cc of the general statutes, the sum of \$3,400,000 shall be  
1065 transferred from the public, educational and governmental  
1066 programming and education technology investment account and  
1067 credited to the resources of the General Fund for the fiscal year ending  
1068 June 30, 2014.

1069 Sec. 25. (*Effective July 1, 2013*) Notwithstanding the provisions of  
1070 section 16-331cc of the general statutes, the sum of \$3,500,000 shall be  
1071 transferred from the public, educational and governmental  
1072 programming and education technology investment account and  
1073 credited to the resources of the General Fund for the fiscal year ending  
1074 June 30, 2015.

1075 Sec. 26. (*Effective July 1, 2013*) The sum of \$62,500,000 shall be  
 1076 transferred from the resources of the Special Transportation Fund,  
 1077 established pursuant to section 13b-68 of the general statutes, and  
 1078 credited to the resources of the General Fund for the fiscal year ending  
 1079 June 30, 2014.

1080 Sec. 27. (*Effective July 1, 2013*) The sum of \$3,400,000 shall be  
 1081 transferred from the resources of the Special Transportation Fund,  
 1082 established pursuant to section 13b-68 of the general statutes, and  
 1083 credited to the resources of the General Fund for the fiscal year ending  
 1084 June 30, 2015.

1085 Sec. 28. Section 12-494a of the general statutes is repealed. (*Effective*  
 1086 *July 1, 2013*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2013</i>	New section
Sec. 2	<i>July 1, 2013</i>	4-28e(c)
Sec. 3	<i>from passage and applicable to calendar years commencing on or after January 1, 2013</i>	12-211a(a)
Sec. 4	<i>from passage</i>	12-214(b)(7)
Sec. 5	<i>from passage</i>	12-219(b)(7)
Sec. 6	<i>July 1, 2013, and applicable to sales occurring on or after said date</i>	12-407(a)(2)
Sec. 7	<i>July 1, 2013, and applicable to sales occurring on or after said date</i>	12-407(a)
Sec. 8	<i>July 1, 2013</i>	12-408(1)
Sec. 9	<i>July 1, 2013</i>	12-411(1)
Sec. 10	<i>from passage</i>	12-633
Sec. 11	<i>from passage</i>	12-635

Sec. 12	<i>from passage and applicable to taxable years commencing on or after January 1, 2013</i>	12-704e
Sec. 13	<i>July 1, 2013</i>	13b-61a
Sec. 14	<i>July 1, 2013</i>	13b-61c
Sec. 15	<i>January 1, 2014</i>	32-9t(i)(1)
Sec. 16	<i>October 1, 2013</i>	12-81
Sec. 17	<i>July 1, 2013</i>	New section
Sec. 18	<i>from passage</i>	New section
Sec. 19	<i>July 1, 2013</i>	7-34a(a)
Sec. 20	<i>July 1, 2013</i>	7-73
Sec. 21	<i>July 1, 2013</i>	19a-323(b)
Sec. 22	<i>July 1, 2013</i>	30-53
Sec. 23	<i>July 1, 2013</i>	New section
Sec. 24	<i>July 1, 2013</i>	New section
Sec. 25	<i>July 1, 2013</i>	New section
Sec. 26	<i>July 1, 2013</i>	New section
Sec. 27	<i>July 1, 2013</i>	New section
Sec. 28	<i>July 1, 2013</i>	Repealer section

**Statement of Legislative Commissioners:**

In section 2, the effective date was changed from "from passage" to "July 1, 2013", and the transfers in subdivision (2) were rewritten to apply by fiscal year. Both changes were made for accuracy and clarity.

**FIN**      *Joint Favorable Subst.*

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

## OFA Fiscal Note

**State Impact:** See Below

**Municipal Impact:** See Below

### Explanation

#### State Revenue Impact (\$ - millions)

Section Number	Change Description	FY 14	FY 15
Section 1	Tax Amnesty	35.0	(7.0)
Section 2	Divert Stem Cell Transfer and Biomedical Trust Fund Transfer	14.0	14.0
Section 3	Maintain Credit Cap for IY 13 & 14	27.0	27.0
Sections 4-5	Maintain 20% Surcharge for IY 14 & 15	44.4	74.0
Sections 6-7	Digital Products Taxed at 6.35%	7.7	9.0
Sections 8-9, 28	Eliminate MRSA Transfer	92.4	97.9
Sections 8-9	Computer/Data Processing Services to Consumers Taxed at 6.35%	12.8	13.1
Sections 8-9	60-Day Use Tax Exemption for Boats	(2.0)	(2.0)
Sections 8-9	Eliminate Luxury Tax on Boats	(0.1)	(0.1)
Section 10-11	Neighborhood Assistance Act	-	-
Section 12	Reduce EITC	21.1	11.0
Sections 13-14, 26-27	STF Transfers	77.3	3.4
Section 15	Increase URA Tax Credits	-	-
Section 16	Motor Vehicle Property Tax Elimination	-	-
Section 17	Incentivize Natural Gas Conversion	-	(5.0)
Section 18	Standard Offer Auction	100.0	-
Sections 19-22	Minor Fees	0.7	0.8
Section 23	CRRA Transfer	30.0	-
Sections 24-25	Public Education and Governmental Programming Account Transfer	3.4	3.5
<b>TOTAL</b>		<b>463.7</b>	<b>239.6</b>

**Section 1** authorizes a tax amnesty program covering all state taxes

(other than motor carrier road taxes) from September 16, 2013, to November 15, 2013. This generates a General Fund revenue gain of \$35 million in FY 14, and a revenue loss of \$7 million in FY 15 due to an anticipated shift in the timing of the receipt of delinquent taxes. The estimate includes amounts already identified as accounts receivables.

**Section 2** eliminates statutory transfers from the Tobacco Settlement Fund to the Stem Cell Research Fund (\$10 million) and the Biomedical Trust Fund (\$4 million) and results in an increase to the General Fund revenue by \$14 million in each of FY 14 and FY 15. Eliminating the transfers increases General Fund revenue because under current law the General Fund receives all Tobacco Settlement Fund revenues that are not otherwise transferred.

Substitute Senate Bill 842, "AA Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, Elimination of the Accumulated GAAP Deficit, Restructuring of Economic Recovery Notes and Other Purposes," as favorably reported by the Finance, Revenue, and Bonding Committee, authorizes General Obligation (GO) bond funds of \$10 million in each of FY 14 and FY 15 to maintain the same level of funding for the Stem Cell Research Fund.

**Section 3** extends until Calendar Year 2014, the temporary 30% cap on the maximum insurance premium tax liability that an insurer may offset through certain tax credits. This results in an increase to the General Fund revenue by \$27 million in each of FY 14 and FY 15.

**Sections 4 - 5**, which extends the 20% Corporate Income Tax surcharge until Income Year 2015, will result in a General Fund revenue gain of \$44.4 million in FY 14 and \$74.0 million in FY 15.

**Sections 6 - 7**, which applies the general sales tax rate of 6.35% to specified digital products, will result in a General Fund revenue gain of \$7.7 million FY 14 and \$9.0 million in FY 15. Currently digital products are taxed a reduced 1.0% rate.

**Sections 8 - 9 and 28** eliminate the transfer of a portion of the sales and use tax and real estate conveyance tax to the Municipal Revenue Sharing Account. This results in a General Fund revenue gain of \$92.4 million in FY 14 and \$97.9 million in FY 15. This precludes the payment of grants from the Account, resulting in a revenue loss to municipalities of \$92.4 million in FY 14 and \$97.9 million in FY 15.

sSB 842, "AA Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, Elimination of the Accumulated GAAP Deficit, Restructuring of Economic Recovery Notes and Other Purposes," as favorably reported by the Finance, Revenue, and Bonding Committee, authorizes \$56.4 million in General Obligation (GO) bond funds to the Local Capital Investment Program (LoCIP) in each of FY 14 and FY 15, to be distributed according to the Municipal Revenue Sharing Account statutory formula.

In addition, **Sections 8 - 9** will also have the following impacts:

1. Applying the general sales tax rate of 6.35% to computer and data processing service sales to consumers, including digital downloads, will result in a General Fund revenue gain of \$12.8 million FY 14 and \$13.1 million in FY 15.
2. Exempting vessels docked in the state for 60 days or less in a calendar year from the sales and use tax will result in an annual General Fund revenue loss of approximately \$2.0 million.
3. Exempting vessels that cost over \$100,000 from the 7.0% luxury tax will result in an estimated annual General Fund revenue loss of approximately \$70,000. Under the bill, these vessels would be taxed at the regular 6.35% sales tax rate rather than the luxury tax rate.

**Sections 10 - 11** do not increase the cap on the aggregate annual amount of credits available under the Neighborhood Assistance Act tax credit program, and therefore do not result in any fiscal impact.

**Section 12** reduces the Earned Income Tax Credit from: 30% of the federal program to (1) 25% in 2013 and (2) 27.5% in 2015. This will result in a General Fund revenue gain of \$21.1 million in FY 14 and \$11.0 million in FY 15. Under the bill, the rate would return to 30% in FY 16.

**Sections 13 - 14 and 26 - 27** make various transfers between the General Fund and the Transportation Fund. The net impact of the transfers listed in the table below is to shift \$77.3 million from the Special Transportation Fund to the General Fund in FY 14. The net impact is to shift \$3.4 million from the Special Transportation Fund to the General Fund in FY 15.

Inter-fund Transfers between General and Transportation Funds (\$ - millions)					
Section	Reason	FY 14		FY 15	
		GF	STF	GF	STF
13	Adjust Transfer to include all estimated Petroleum Gross Receipt Tax Revenues from Gasoline	(158.0)	158.0	(152.3)	152.3
14	Adjust Statutory Transfers, which offset Transfers above	172.8	(172.8)	152.3	(152.3)
26 - 27	Implement Transfers in FY 14 and FY 15 only	62.5	(62.5)	3.4	(3.4)
	Net Total	77.3	(77.3)	3.4	(3.4)

**Section 15** increases the total amount of business credits available under the Urban and Industrial Sites Reinvestment Program by \$150 million. This results in a potential revenue loss in the out-years.

**Section 16** exempts from local property taxes beginning with the October 1, 2019 Grand List the first \$20,000 of a motor vehicle's net assessed value. The exemption applies to people who own or lease cars, light duty trucks, pickup trucks, or motorcycles on the list the motor vehicles commissioner provides to municipalities for property taxation. This results in a revenue loss to municipalities which will first be realized in FY 21, and will depend on the value of motor vehicles on the October 1, 2019 Grand List and Supplemental Grand

List.

Municipalities would have lost approximately \$632.8 million in motor vehicle levy had this exemption been in place in FY 13, based on Grand List 2011 and Supplemental Grand List 2010 data. This is approximately 90% of the total combined levy from these two Grand Lists.

There will also be a revenue gain to the state beginning in FY 21. This is due to an anticipated reduction in the amount of Property Tax Credits taken against the Personal Income Tax, as certain taxpayers would no longer have a property tax liability, which is necessary in order to utilize the credit.

**Section 17** establishes a tax credit for gas companies that provide financial incentives for certain customers to convert to natural gas. This will result in an annual General Fund revenue loss of \$5 million beginning in FY 15.

**Section 18**, which auctions the electric generation load for the state's standard offer, will result in a one-time General Fund revenue gain of approximately \$100 million in FY 14.

**Sections 19 - 22** increase several municipal fees. There is a revenue gain, anticipated to be minimal, to municipalities associated with the proposed fee increase. The cumulative revenue increase across all municipalities is estimated to be between \$500,000 and \$1.0 million. To illustrate how municipalities of different sizes may be impacted, below is a chart that shows the anticipated revenue gain in Waterbury, West Hartford, Groton and Thompson.

Municipality	Anticipated Revenue Gain
Waterbury	\$34,000
West Hartford	\$16,600
Groton	\$8,000
Thompson	\$2,700

Additionally, there is a state General Fund revenue increase, estimated to be \$120,000 annually, associated with an increase from

\$19 to \$25 in the portion of the marriage license fee that is remitted to the state.

There is a revenue increase to municipalities, expected to be minimal, associated with this increase in fees. It is anticipated that the increases in the remaining fees, other than the marriage license fee, would generate less than \$10,000 annually for the City of New Haven, for instance.

**Section 23** provides a one-time payment by the Connecticut Resources Recovery Authority (CRRA) that results in a General Fund revenue gain of \$30 million in FY 14. The CRRA payment is related to the transfer of care and control of the five CRRA post-closure landfills to the state. The section will also result in an on-going cost of approximately \$1 million annually to the Department of Energy and Environmental Protection to manage ongoing testing and maintenance of the landfills.

**Sections 24 - 25** transfer \$3.4 million in FY 14 and \$3.5 million in FY 15 from the Public Education and Governmental Programming and Education Technology Investment account to the General Fund.

### ***The Out Years***

With the exception of the one-time policies indicated above, the annualized ongoing fiscal impacts identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 843*****AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BUDGET.*****SUMMARY:**

This bill makes various changes to state and local taxes and fees.

Among the state tax provisions, the bill requires the Department of Revenue Services (DRS) commissioner to establish a tax amnesty program that runs from September 16, 2013 to November 15, 2013. It extends, for two additional years, the temporary (1) cap on the maximum insurance premium tax liability that an insurer may offset through tax credits and (2) 20% corporation income tax surcharge. It (1) increases the sales tax rate on certain digital products and computer and data processing services, (2) exempts certain vessels from the sales and use tax, and (3) reduces the sales and use tax rate on boats costing more than \$100,000.

The bill establishes a process to group electric company customers who have not chosen a competitive supplier (standard service customers) and have suppliers bid for the right to serve them. It also establishes a credit against the utility companies tax for gas companies equal to costs they incur in providing incentives for prospective customers who are more than 150 feet from existing mains to connect to the gas distribution system.

The bill changes amounts transferred to and from the General Fund. It eliminates the requirement that a portion of the sales, luxury, and real estate conveyance tax be allocated to the Municipal Revenue Sharing Account, thus requiring these funds to remain in the General Fund. It modifies certain annual transfers from the General Fund to the Special Transportation Fund (STF) and eliminates transfers from

the Tobacco Settlement Fund to two research funds. It also transfers certain amounts to the General Fund from the STF and other sources.

The bill modifies several existing tax credit programs. It (1) reduces the state earned income tax credit (EITC) against the personal income tax for the 2013 and 2014 tax years, (2) increases the total amount of business credits available under the Urban and Industrial Sites Reinvestment Program, and (3) makes business investments in neighborhood advocacy projects in certain designated areas eligible for a maximum 100% Neighborhood Assistance Act (NAA) tax credit.

As for local taxes, beginning in the 2018 assessment year, the bill exempts from property taxes the first \$20,000 of a motor vehicle's net assessed value. The exemption applies to people who own or lease cars, light duty trucks, pickup trucks, or motorcycles on the list the motor vehicles commissioner provides to municipalities.

Lastly, the bill increases several municipal fees, including those for (1) liquor permit, document, and map filings; (2) marriage licenses; and (3) burial and cremation permits.

EFFECTIVE DATE: July 1, 2013, unless otherwise noted below.

## **§ 1 — TAX AMNESTY PROGRAM**

The bill requires the DRS commissioner to establish a tax amnesty program for individuals, business, or other taxpayers that owe Connecticut state taxes (other than motor carrier road taxes) to DRS. The amnesty runs from September 16, 2013 to November 15, 2013 and covers any taxable period ending on or before November 30, 2012.

### ***Amnesty Conditions***

The DRS commissioner must prepare an amnesty application that requires applicants to specify the taxes and taxable periods for which they seek amnesty. The bill allows the commissioner to require that taxpayers file amnesty applications electronically.

If a taxpayer files the application during the amnesty period and

pays all the taxes owed for the applicable tax periods, plus interest, the commissioner must waive applicable civil penalties and refrain from seeking criminal prosecution for those periods. The commissioner may only grant amnesty to affected taxpayers (i.e., those who owe taxes for the applicable tax periods) who pay the taxes and interest that the commissioner determines they owe when they file their applications.

If the commissioner grants amnesty, the affected taxpayer relinquishes all unexpired administrative and judicial appeal rights as of the payment date. The bill bars taxpayers from receiving any refund or credit of amnesty tax payments. Failure to pay all amounts due invalidates the amnesty. A taxpayer is not entitled, by virtue of penalty waivers and interest reductions under the amnesty, to any refund or credit of previously paid amounts. The commissioner may not consider any request to cancel the unpaid portion of any erroneously or illegally assessed tax, penalty, or interest in connection with any amnesty application.

### ***Interest Reduction***

If a taxpayer pays the taxes due by November 15, 2013, the bill reduces the interest rate on those taxes to one-fourth of the interest that the department's records show to be due and payable as of the application's filing. (The interest rate on overdue taxes is generally 1% per month.) Any tax due for the applicable tax periods that is paid after the filing deadline is subject to interest of 1% per month or part of a month from the date it was originally due to the payment date.

### ***Amnesty Exclusions***

The bill bars any amnesty for those who:

1. are parties to any criminal investigation or criminal litigation pending on July 1, 2013 in any federal or Connecticut court,
2. are parties to a closing agreement with the DRS commissioner,
3. have made a compromise offer that has been accepted by the

commissioner, or

4. are parties to a managed audit agreement.

### ***Penalty for Failing to File for Amnesty***

The bill imposes a penalty on any taxpayer who (1) owes any tax for the applicable tax periods for which a tax return was required, but not previously filed and (2) fails to file a timely amnesty application. The penalty (1) is equal to 25% of the tax owed and (2) may not be waived. It applies in addition to any other applicable interest and penalties under existing law.

### ***Implementation***

The bill gives the DRS commissioner authority to do anything necessary to implement the program in a timely fashion.

## **§ 2 — BIOMEDICAL AND STEM CELL RESEARCH TRANSFERS**

The bill eliminates the following transfers from the Tobacco Settlement Fund: (1) \$4 million each fiscal year starting FY 14 to the Biomedical Research Trust Fund and (2) \$10 million in FY 14 and FY 15 to the Stem Cell Research Fund.

PA 12-1, December Special Session, eliminated the FY 13 transfer to the Stem Cell Research Fund and authorized up to \$10 million in state general obligation bonds for the same purpose.

## **§ 3 — INSURANCE PREMIUM TAX CREDIT LIMIT**

The bill extends, for two additional years, the temporary cap on the maximum insurance premium tax liability that an insurer may offset through tax credits.

The caps are part of a structure that, under existing law, (1) classifies insurance premium tax credits into three types for calendar years 2011 and 2012, (2) specifies the order in which an insurer must apply the three credit types to offset liability (see BACKGROUND), and (3) establishes the maximum liability that an insurer can offset in those years by claiming one or more of these types of credits.

For 2012, the three credit types and the maximum tax reduction from each type are:

Type 1: digital animation credits, 55%

Type 2: insurance reinvestment fund credits, 70%

Type 3: all other credits, 30%

The bill extends the temporary cap to the 2013 and 2014 calendar years.

EFFECTIVE DATE: Upon passage and applicable to calendar years starting on or after January 1, 2013.

#### **§§ 4-5 — CORPORATION INCOME TAX SURCHARGE**

The bill extends the temporary 20% corporation income tax surcharge for two additional years, to the 2014 and 2015 income years. Companies must calculate their surcharges based on their tax liability, excluding any credits. As under current law, the surcharge for 2014 and 2015 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, regardless of the amount of annual gross income.

EFFECTIVE DATE: Upon passage

#### **§§ 6-7 — SALES TAX EXTENDED TO DIGITAL PRODUCTS**

The bill imposes the 6.35% sales tax on sales of electronically transferred digital products. Currently, these products are taxed at a 1% rate as computer and data processing services. The bill imposes the 6.35% tax rate on transfers that gives the buyer a right or license to use, retain, or copy the product, which can be a digital audio-visual work or digital audio work, but not video programming services, including video on demand television services, broadcasting services, or content to provide such services.

The bill specifically exempts from the 6.35% rate electronically

transferred digital products one business transfers to another (i.e., business to business transfers), thus continuing to subject these transfers to the current 1% tax.

EFFECTIVE DATE: July 1, 2013 and applicable to sales on or after that date.

#### **§§ 8-9 — SALES TAX CHANGES ON COMPUTER AND DATA PROCESSING SERVICES**

The bill limits the 1% sales and use tax on computer and data processing services to such services (1) sold by a business to a business entity for use by that entity and (2) a business provides to itself. By limiting this tax to such transactions, it imposes the 6.35% rate on all other computer and data processing services.

#### **§§ 8-9 — SALES TAX AND USE TAX ON BOATS**

The bill (1) exempts from the sales and use tax boats docked in Connecticut for 60 days or less and (2) reduces, from 7% to 6.35%, the sales and use tax on boats costing more than \$100,000.

#### **§§ 8-9 & 28 — MUNICIPAL REVENUE SHARING ACCOUNT**

The bill eliminates laws requiring the DRS commissioner to deposit the following amounts into the Municipal Revenue Sharing Account, thus requiring these funds to go to the General Fund:

1. 1.57% of the revenue from the 6.35% sales and use tax on most taxable goods and services;
2. 1.43% of the revenue from the 7% sales and use tax on specified luxury items; 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 residential property and (b) sales of nonresidential property and any amount of the sale price of a residential property that exceeds \$800,000.

Under current law, the Office of Policy and Management secretary must use the account to distribute (1) manufacturing transition grants to municipalities and (2) any remaining funds according to a specified municipal revenue sharing formula (see RELATED BILL).

### **§§ 10-11 — NAA CREDITS FOR NEIGHBORHOOD ADVOCACY PROJECTS**

The bill makes businesses investing in certain neighborhood advocacy projects eligible for a NAA tax credit of up to 100% of the invested amount. Businesses qualify for this maximum credit if they invest in such projects in the state's 17 designated targeted investment communities (TICs) (see BACKGROUND). Neighborhood advocacy projects outside the TICs continue to qualify for a credit of up to 60% of the invested amount. As with other NAA-eligible projects, a business qualifies for a NAA tax credit if the host municipality approves the neighborhood advocacy project and the business invests at least \$250 in it.

Under current law, NAA tax credits are generally up to 60% of the investment, although businesses making certain energy conservation investments may qualify for up to 100% credits. Under current law, the credit equals 100% of the amount invested to conserve energy in properties owned by nonprofit organizations. The bill changes this flat rate to an amount that may be up to 100% of the investment.

By law, the annual limits on NAA credits are (1) \$150,000 per business (\$50,000 for investments in child care facilities) and (2) \$5 million for all businesses.

EFFECTIVE DATE: Upon passage

### **§ 12 — EITC**

Current law establishes a refundable state EITC equal to 30% of the federal credit for the same tax year. The bill (1) reduces the EITC from 30% to 25% for the 2013 tax year, (2) increases it to 27.5% in the 2014 tax year, and (3) restores it to 30% for the subsequent tax years.

EFFECTIVE DATE: Upon passage and applicable to tax years beginning on or after January 1, 2013.

### §§ 13-14 & 26-27 — STF TRANSFERS

As Table 1 shows, the bill modifies the amounts annually transferred to the STF from the revenue generated by the petroleum products gross earnings tax and the General Fund. It also adds one-time transfers from the STF to the General Fund of (1) \$62.5 million for FY 14 and (2) \$3.4 million for FY 15.

Table 1: STF Transfers

FY	Transfers from Petroleum Products Gross Earnings Tax Revenues to STF			Annual Transfers from the General Fund to STF			One-Time Transfers from STF to the General Fund
	Current Law	Bill	Difference	Current Law	Bill	Difference	Bill
2014	\$222.7	\$380.7	\$158.0	\$172.8	0	(\$172.8)	\$62.5
2015	226.8	379.1	152.3	172.8	\$20.5	(152.3)	3.4
2016	231.4	377.3	145.9	172.8	152.8	(20.0)	0
2017 and thereafter	231.4	377.3	145.9	172.8	162.8	(10)	0

### § 15 — URBAN AND INDUSTRIAL SITES REINVESTMENT TAX CREDITS

The bill increases the total amount of business tax credits available under the Urban and Industrial Sites Reinvestment Program by \$150 million, from \$650 million to \$800 million.

EFFECTIVE DATE: January 1, 2014

### § 16 — MOTOR VEHICLE PROPERTY TAX EXEMPTION

Beginning July 1, 2019, the bill exempts from local property taxes the first \$20,000 of a motor vehicle's net assessed value (i.e., the vehicle's assessed value after subtracting all the property tax exemptions for which the vehicle's owner qualifies). The exemption applies to people who own or lease cars, light duty or pickup trucks, or motorcycles identified on the list the motor vehicles commissioner provides to town assessors for property taxation. People leasing vehicles qualify for the exemption if the (1) lease is for at least one year; (2) lease agreement assigns responsibility for property taxes to

the lessee, whether or not the tax charge is separately stated in the agreement or on a bill or invoice received from the town or leasing company; and (3) leasing company is licensed by the state. (In practice, all companies leasing vehicles to people in Connecticut are licensed here because the Department of Motor Vehicles requires such a license before a lessee can register the leased vehicle in the state.)

EFFECTIVE DATE: October 1, 2013

### **§ 17 — NATURAL GAS CONVERSION CREDIT**

For calendar quarters beginning on or after July 1, 2014, the bill provides a credit against the utility companies tax for gas companies providing financial incentives for customers converting to natural gas. The credit equals the amount a company credits to customers meeting specified criteria, up to \$500. The total amount of tax credits available to all companies cannot exceed \$5 million per fiscal year, starting with FY 15.

A company qualifies for the credit for financial incentives extended to customers:

1. whose property, on July 1, 2013, is neither located on or within 150 feet of a gas distribution main, but is included in the company's Department of Energy and Environmental Protection -approved natural gas expansion plan and
2. who made a commitment, between July 1, 2013, and January 1, 2014, to convert to natural gas when it becomes available.

Companies qualify for credits for the incentives they give to customers beginning in calendar quarters on or after October 1, 2013.

To claim the credit, the company must establish, to the revenue service commissioner's satisfaction, that it has passed the credit on to each eligible customer on his or her monthly bill or invoice.

### **§ 18 — AUCTIONING STANDARD SERVICE CUSTOMERS**

#### ***Current Law***

By law (CGS § 16-244c), electric companies must provide standard service to residential and small commercial customers who have not chosen a competitive supplier. There were approximately 818,000 standard service customers as of January 31, 2013, according to the Public Utilities Regulatory Authority (PURA). A PURA procurement officer procures power for these customers. In contrast, nearly half of residential customers and approximately 60% of small commercial customers have chosen suppliers.

### ***Aggregation of Customers***

The bill requires the state to aggregate (group) residential and small commercial “standard offer” (i.e., standard service) customers who have not contracted with a supplier as of June 1, 2013, for the purpose of auctioning the right of suppliers to provide competitively-priced electric generation service to them. The bill implicitly requires suppliers bidding for the right to serve these customers to offer to pay the state a specified amount per customer for this privilege.

The bill allows a customer who has been aggregated and auctioned to an electric supplier to continue to choose to obtain service from any other licensed supplier at any time. It appears that a customer could return to standard service, although the bill does not specifically permit this.

### ***Request for Proposals***

The bill requires the PURA procurement manager to issue a request for proposals (RFP) to all licensed suppliers for bids to provide a full service contract to blocks of residential customers and small commercial customers. The bill does not define “full service contract” but it appears to mean that the winning supplier must provide electricity to meet the total demand of the customers it will serve.

The procurement manager must issue the initial RFP by July 1, 2013, and issue subsequent RFPs at least every three years or when there are at least 10,000 new residential and small commercial customers on the standard offer who are not served by suppliers.

The electric companies must provide relevant data the procurement manager requests to develop the RFP. This must at least include the (1) average per customer usage in each customer class for the previous 12-month period; (2) number of customers who are delinquent, have defaulted, or are in collections; and (3) net average number of customers who chose suppliers in the preceding 12-month period.

The procurement manager must establish the criteria for selecting the successful bidders and publish the notice of the RFP to each licensed supplier. The bids must include the price per customer the supplier will offer for the right to supply electricity to (1) blocks of at least 100,000 customers and (2) each additional increment of at least 10,000 additional customers.

The bidders must offer to serve these customers for at least three years. They must offer a price that is at least 5% below the standard offer rate for the customer's class (there are several residential and small commercial rate classes) as of April 1, 2013. The price per customer (1) must be expressed in cost per kilowatt hour and (2) may include different rates for different customer classes and levels of usage. The supplier must offer this rate for at least 12 months from when its service begins.

The bid must include a schedule for determining rates for the subsequent two-year period. The bill does not address how rates would be set in this period.

The procurement manager may require suppliers to provide assurances that they will fulfill the contracts resulting from the auction. A winning supplier that fails to fulfill its contractual obligations is subject to (1) civil penalties (generally up to \$10,000 per violation); (2) the suspension or revocation of its license; or (3) a prohibition on accepting new customers, following a hearing that is conducted as a contested case.

The supplier or suppliers awarded a competitive supply contract as a result of the auction must remit the amount accepted as its per

customer bid to the state for deposit into the General Fund within 30 days after the date of the award.

### **Responsibilities of Electric Companies**

Each electric company must continue to serve any (1) residential or small commercial customer not transferred to a supplier as a result of the auction or (2) new residential or small commercial customer that does not select a supplier.

The bill does not address how the auction would interact with the current procurement for standard service customers. The procurement manager has already procured part of the electricity projected to be needed for standard service customers for the next two years.

EFFECTIVE DATE: Upon passage

### **§§ 19-22 — MUNICIPAL FEE INCREASES**

The bill increases several municipal fees, as shown in Table 2 below.

**Table 2: Proposed Municipal Fee Increases**

<b>CGS §</b>	<b>Fee</b>	<b>Current Fee</b>	<b>Proposed Fee</b>
30-53	Liquor Permit Filing	\$2.00	\$20.00
7-34a	Miscellaneous Document Filing	5.00	10.00
7-34a	Map Indexing	5.00	10.00
7-34a	Subdivision Map Indexing	15.00	20.00
7-34a	Notary Public: Oath and Commission Filing	10.00	20.00
7-34a	Notary Public: Character Certification	2.00	5.00
7-73	Marriage License Fee	30.00 (Municipality keeps \$11.00 and the state receives \$19.00)	50.00 ((\$25.00 for the municipality and \$25.00 for the state)
7-73	Burial or Burial Transit Removal/Disinterment Permit	3.00	10.00
19a-323	Cremation Permit	3.00	10.00

### **Marriage License Fee**

Under current law, the \$30 marriage license fee consists of a (1) \$10 fee, retained by the municipality and (2) \$20 surcharge, split between the municipality (\$1) and the state (\$19). The bill increases the (1) municipal fee from \$10 to \$20 and (2) surcharge from \$20 to \$30. It also

increases the municipal share of the surcharge from \$1 to \$5 and the state share from \$19 to \$25. Thus, the bill increases the total amount retained by the (1) municipality from \$11 to \$25 and (2) state from \$19 to \$25.

Under current law, the state’s share of the marriage license surcharge (\$19) is credited to an account used to fund (1) shelter services for victims of domestic violence and (2) rape crisis services. The bill continues to credit \$19 to this account, but credits the additional \$6 to the General Fund. It does this by specifying that 76% of the state’s share (\$19) be credited to the account.

**§§ 23-25 — TRANSFERS TO THE GENERAL FUND**

The bill transfers the following amounts to the General Fund:

1. \$30 million in FY 14 from the Connecticut Resources Recovery Authority and
2. \$3.4 million in FY 14 and \$3.5 million in FY 15 from the public, educational, governmental programming and education technology investment account.

**BACKGROUND**

***Order of Applying Insurance Premium Tax Credits***

The law specifies the order in which an insurer must apply the three credit types to offset liability, as shown in Table 3.

**Table 3: Application of Insurance Premium Tax Credits**

<b><i>Credit Types Claimed</i></b>	<b><i>Order of Applying Credits</i></b>	<b><i>Maximum Reduction In Tax Liability</i></b>
Type 3	None	30%
Types 1 & 3	1. Type 3 2. Type 1	Type 3 = 30% Sum of two types = 55%
Types 2 & 3	1. Type 3 2. Type 2	Type 3 = 30% Sum of two types = 70%
Types 1, 2, & 3	1. Type 3 2. Type 1 3. Type 2	Type 3 = 30% Type 1 + Type 3 = 55% Sum of all types = 70%
Types 1 & 2	1. Type 1 2. Type 2	Type 1 = 55% Sum of two types = 70%

**Targeted Investment Communities (TIC)**

The bill makes businesses eligible for up to a 100% tax credit for investing in neighborhood advocacy projects in TICs, which are the 17 municipalities with enterprise zones. The TIC designation qualifies economic development projects in these municipalities for financing and tax incentives. The TICs are: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

**Related Bill**

sSB 842, reported favorably by the Finance, Revenue and Bonding Committee, earmarks a portion of the bonds authorized for FYs 14 and 15 under the Local Capital Improvement Program for manufacturing transition and municipal revenue sharing grants for municipalities.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 31 Nay 17 (04/19/2013)