

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 13-150—sHB 6567

Finance, Revenue and Bonding Committee

Judiciary Committee

**AN ACT CONCERNING DEPARTMENT OF REVENUE SERVICES
PROCEDURES REGARDING PENALTY WAIVERS, PERSONNEL
PROCEEDINGS, SALES TAX PERMITS AND LICENSE RENEWALS**

SUMMARY: This act:

1. increases, from \$500 to \$1,000, the threshold for penalty waivers requiring Penalty Review Committee review and approval;
2. allows the Department of Revenue Services (DRS) commissioner to disclose certain tax information in connection with personnel proceedings involving current or former DRS employees;
3. imposes, on anyone conducting business without a sales tax permit, a civil penalty of \$250 for the first day, and \$100 for each subsequent day; and
4. bars the DRS commissioner from issuing or renewing certain permits and licenses for anyone who he determines owes state taxes for which all administrative or judicial remedies have expired or been exhausted.

EFFECTIVE DATE: July 1, 2013, except the provisions concerning the disclosure of certain tax information are effective upon passage.

§ 1 — TAX AND LOTTERY SALES AGENT PENALTY WAIVERS

By law, the Penalty Review Committee must review and approve (1) tax penalty waivers granted by the DRS commissioner and (2) lottery sales agent penalty waivers granted by the consumer protection commissioner, if they exceed a minimum threshold. The act increases this minimum from \$500 to \$1,000.

The Penalty Review Committee consists of the comptroller, DRS commissioner, and Office of Policy and Management secretary or their designees. The committee (1) must meet at least monthly and make an itemized statement of all approved waivers available for public inspection and (2) may approve a waiver only by majority vote.

**§§ 2 & 3 — DISCLOSURE OF CERTAIN TAX INFORMATION IN
PERSONNEL PROCEEDINGS**

The act allows the DRS commissioner to disclose tax returns and return information (see BACKGROUND) in connection with personnel proceedings, including any related administrative or judicial proceedings, involving a current or former DRS employee if the commissioner determines that the information is relevant and material to the proceeding. The commissioner may prescribe terms and conditions for the disclosures, which can be used only for purposes of, and to

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the extent necessary in, the proceedings.

The act also requires the commissioner, upon request, to disclose the tax information to the employee who is the subject of the proceeding, or his or her collective bargaining agent, if the information is relevant and material to the proceeding. The commissioner must release the information regardless of whether he introduces it or otherwise relies on it during the proceeding.

The act prohibits anyone involved in the proceeding from further disclosing the information and subjects violators to a fine of up to \$1,000, up to one year in prison, or both. The same penalty already applies under existing law for other unauthorized disclosures of tax information (CGS § 12-15(g)).

§ 4 — CIVIL PENALTY FOR FAILING TO GET OR RENEW A SALES TAX PERMIT

By law, those engaged in the business of selling in Connecticut must hold a DRS-issued sales tax permit for each place of business.

The act imposes a civil penalty of \$250 for the first day, and \$100 for each subsequent day, that the person conducts business without a sales tax permit. It allows the DRS commissioner to waive all or part of the penalty if he finds that the person's failure to get or renew a permit has a reasonable cause and is not intentional or due to neglect. Any waiver is subject to the existing tax penalty waiver requirements described above.

By law, the penalty for each knowing violation of the sales tax permit law is a fine of up to \$500, up to three months in prison, or both.

§ 5 — STATE TAX PAYMENT AS A CONDITION OF ISSUING A LICENSE

The act bars the DRS commissioner from issuing or renewing a (1) cigarette dealer, distributor, or manufacturer license; (2) tobacco product distributor or unclassified importer license; and (3) sales tax seller's permit, for anyone who he determines owes any state taxes for which all administrative or judicial remedies have expired or been exhausted. Under the act, the applicant must pay what he or she owes or arrange to do so, to the commissioner's satisfaction, before the commissioner may issue or renew the license.

BACKGROUND

Tax Returns and Return Information

By law, a "return" is any of the following filed with the DRS commissioner by, on behalf of, or with respect to, anyone: (1) a tax or information return; (2) an estimated tax declaration; (3) a refund claim; or (4) any license, permit, registration, or other application. The term also covers amendments or supplements, including supporting schedules, attachments, or lists that supplement or are part of a filed return.

"Return information" includes:

1. a taxpayer's identity;

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2. the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax collected or withheld, tax under- or over-reportings, or tax payments; and
3. any other data received, recorded, prepared, or collected by or furnished to the DRS commissioner regarding a return or regarding any determination of liability for a tax, penalty, interest, fine, forfeiture, or other imposition or offense (CGS § 12-15 (h)(1) & (2)).

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