



**House Bill No. 5471**

**Public Act No. 14-60**

**AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS' RECOMMENDATIONS FOR TECHNICAL AND MINOR CHANGES TO TAXATION AND RELATED STATUTES.**

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

Section 1. Subdivision (1) of subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

Sec. 2. Subdivision (10) of subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(10) "Net income" means net earnings received during the income year and available for contributors of capital, whether they are

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creditors or stockholders, computed by subtracting from gross income the deductions allowed by the terms of section 12-217, except that in the case of a domestic insurance company which is a life insurance company, "net income" means life insurance company taxable income (A) increased by any amount or amounts which have been deducted in the computation of gain or loss from operations in respect of (i) the life insurance company's share of tax-exempt interest, (ii) operations loss carry-backs and capital loss carry-backs, and (iii) operations loss carry-overs and capital loss carry-overs arising in any taxable year commencing prior to January 1, 1973, and (B) reduced by any amount or amounts which have been deducted as operations loss carry-backs or capital loss carry-backs in the computation of gain or loss from operations for any taxable year commencing on or after January 1, 1973, but only to the extent that such amount or amounts [ ] would, for federal tax purposes, have been deductible in the taxable year as operations loss carry-overs or capital loss carry-overs if they had not been deducted in a previous taxable year as carry-backs, and provided no expense related to income, the taxation of which by the state of Connecticut is prohibited by the law or Constitution of the United States, as applied, or by the law or Constitution of this state, as applied, shall be deducted under this chapter and provided further no item may, directly or indirectly be excluded or deducted more than once;

Sec. 3. Subparagraph (A) of subdivision (20) of subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(20) (A) "Carrying on or doing business" means and includes each and every act, power or privilege exercised or enjoyed in this state, as an incident to, or by virtue of, the powers and privileges acquired by the nature of any organization whether the form of existence is corporate, associate, joint stock company or fiduciary, and includes the

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direct or indirect engaging in, transacting or conducting of activity in this state by an electric supplier, as defined in section 16-1, or generation entity or affiliate, as defined in section 16-1, for the purpose of establishing or maintaining a market for the sale of electricity or of electric generation services, as defined in section 16-1, to end use customers located in this state through the use of the transmission or distribution facilities of an electric distribution company, as defined in section 16-1, or, until unbundled in accordance with section 16-244e, an electric company, as defined in section 16-1;

Sec. 4. Subdivision (28) of subsection (a) of section 12-213 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

(B) "Captive real estate investment trust" does not include a corporation, a trust or an association, in which more than fifty per cent of the entity's voting power, beneficial interests or shares are owned by a single entity described in subparagraph (A)(iii) of this subdivision that is owned or controlled, directly or constructively, by (i) a corporation, a trust or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code; (ii) a person exempt from taxation under Section 501 of the Internal

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Revenue Code; (iii) a listed property trust or other foreign real estate investment trust that is organized in a country that has a tax treaty with the United States Treasury Department governing the tax treatment of these trusts; or (iv) a real estate investment trust that is intended to become regularly traded on an established securities market [L] and that satisfies the requirements of Sections 856(a)(5) and 856(a)(6) of the Internal Revenue Code, as determined under Section 856(h) of the Internal Revenue Code. [j]

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

Sec. 5. Subparagraph (A) of subdivision (2) of subsection (e) of section 12-217pp of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(2) (A) Upon receipt of an application, the commissioner shall render a decision, in writing, on each completed application not later than thirty days after the date of its receipt by the commissioner. If the commissioner approves such application, the commissioner shall issue a certification letter to the taxpayer indicating that the credit will be available to be claimed by the taxpayer if the taxpayer and the new, qualifying or veteran employee otherwise [meets] meet the requirements of this section.

Sec. 6. Subdivision (1) of subsection (b) of section 12-226 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) (1) Any company filing an amended return with any official of

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

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final disallowance except only for such amounts as to which the company has filed, as provided in subdivision (2) of this subsection, a written protest with the commissioner.

Sec. 7. Subparagraph (B) of subdivision (1) of section 12-411 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

Sec. 8. Subsection (b) of section 12-498 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) The tax imposed by subdivision (1) of subsection (a) of section 12-494 shall not apply to (1) deeds of the principal residence of any person approved for assistance under section 12-129b or 12-170aa for the current assessment year of the municipality in which such person resides or to any such transfer which occurs within fifteen months of the completion of any municipal assessment year for which such person qualified for such assistance; (2) deeds of property located in an area designated as an enterprise zone in accordance with section 32-70; (3) deeds of property located in an entertainment district designated under section 32-76 or established under section 2 of public act 93-311.

Sec. 9. Subdivision (1) of subsection (a) of section 12-686 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) (1) Except as otherwise provided in subsections (b), (c) and (d) of this section, the commissioner may require every person who files a tax return for any tax on a monthly or quarterly basis to pay such tax during the twelve-month period following a determination of liability

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under this subdivision by one of the means of electronic funds transfer approved by the department, if the commissioner determines that such person's liability for such tax was four thousand dollars or more for the twelve-month period ending on the June thirtieth immediately preceding the monthly or quarterly period with respect to which the requirement to pay tax by electronic funds transfer is established. The commissioner, in determining whether tax liability is four thousand dollars or more, shall base such determination on the taxes reported to be due on the tax returns of such person related to the period under examination. If any tax return or returns of such person for such period have not been filed, the commissioner may base such determination on any information available to [such] the commissioner.

Sec. 10. Subsection (a) of section 32-41bb of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) There shall be a Bioscience Innovation Advisory Committee that shall consist of the following thirteen members: (1) Four appointed by the Governor; (2) one appointed by the president pro tempore of the Senate; (3) one appointed by the speaker of the House of Representatives; (4) one appointed by the majority leader of the Senate; (5) one appointed by the majority leader of the House of Representatives; (6) one appointed by the minority leader of the Senate; (7) one appointed by the minority leader of the House of Representatives; (8) the Commissioner of Economic and Community Development and the Commissioner of Public Health, or their designees, who shall serve as ex-officio, voting members; and (9) the chief executive officer [and executive director] of Connecticut Innovations, Incorporated, who shall serve as the chairperson of the advisory committee. Each appointed member shall have skill, knowledge and experience in relevant businesses and sciences related

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to health care delivery, medical devices, life sciences, insurance or information technology. All initial appointments to the committee pursuant to this subsection shall be made not later than July 1, 2013. Appointed members shall each serve a term that is coterminous with the respective appointing authority. Each member shall hold office until a successor is appointed. Any vacancy occurring on the committee, other than by expiration of term, shall be filled in the same manner as the original appointment for the balance of the unexpired term.

Approved May 28, 2014