



General Assembly

Raised Bill No. 5471

February Session, 2014

LCO No. 2200



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

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:

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2 general statutes is repealed and the following is substituted in lieu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

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

12 Sec. 2. Subdivision (10) of subsection (a) of section 12-213 of the
13 general statutes is repealed and the following is substituted in lieu

14 thereof (*Effective October 1, 2014*):

15 (10) "Net income" means net earnings received during the income
16 year and available for contributors of capital, whether they are
17 creditors or stockholders, computed by subtracting from gross income
18 the deductions allowed by the terms of section 12-217, except that in
19 the case of a domestic insurance company which is a life insurance
20 company, "net income" means life insurance company taxable income
21 (A) increased by any amount or amounts which have been deducted in
22 the computation of gain or loss from operations in respect of (i) the life
23 insurance company's share of tax-exempt interest, (ii) operations loss
24 carry-backs and capital loss carry-backs, and (iii) operations loss carry-
25 overs and capital loss carry-overs arising in any taxable year
26 commencing prior to January 1, 1973, and (B) reduced by any amount
27 or amounts which have been deducted as operations loss carry-backs
28 or capital loss carry-backs in the computation of gain or loss from
29 operations for any taxable year commencing on or after January 1,
30 1973, but only to the extent that such amount or amounts [] would, for
31 federal tax purposes, have been deductible in the taxable year as
32 operations loss carry-overs or capital loss carry-overs if they had not
33 been deducted in a previous taxable year as carry-backs, and provided
34 no expense related to income, the taxation of which by the state of
35 Connecticut is prohibited by the law or Constitution of the United
36 States, as applied, or by the law or Constitution of this state, as
37 applied, shall be deducted under this chapter and provided further no
38 item may, directly or indirectly be excluded or deducted more than
39 once;

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

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

47 corporate, associate, joint stock company or fiduciary, and includes the
48 direct or indirect engaging in, transacting or conducting of activity in
49 this state by an electric supplier, as defined in section 16-1, or
50 generation entity or affiliate, as defined in section 16-1, for the purpose
51 of establishing or maintaining a market for the sale of electricity or of
52 electric generation services, as defined in section 16-1, to end use
53 customers located in this state through the use of the transmission or
54 distribution facilities of an electric distribution company, as defined in
55 section 16-1, or, until unbundled in accordance with section 16-244e, an
56 electric company, as defined in section 16-1;

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

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

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

80 investment trust that is organized in a country that has a tax treaty
81 with the United States Treasury Department governing the tax
82 treatment of these trusts; or (iv) a real estate investment trust that is
83 intended to become regularly traded on an established securities
84 market [.] and that satisfies the requirements of Sections 856(a)(5) and
85 856(a)(6) of the Internal Revenue Code, as determined under Section
86 856(h) of the Internal Revenue Code. [.]

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

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

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

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

107 (b) (1) Any company filing an amended return with any official of
108 the United States government, or any agency thereof, shall make an
109 amended return to the commissioner on or before the date that is
110 ninety days after the final determination is made on the amended

111 return by such federal official or agency. The commissioner shall treat
112 any such amended return reporting a tax overpayment as filed in
113 processible form, as described in subsection (c) of section 12-227, after
114 proof of such final determination on such amended federal return by
115 such federal official or agency is submitted to the commissioner. The
116 time for filing such amended return may be extended by the
117 commissioner upon due cause shown. If, upon examination, the
118 commissioner finds that the company is liable for the payment of an
119 additional tax, the commissioner shall, within a reasonable time from
120 the receipt of such amended return, notify the company of the amount
121 of such additional tax, together with interest thereon computed at the
122 rate of one per cent per month or fraction thereof from the date when
123 the original tax became due and payable. Within thirty days of the
124 mailing of such notice, the company shall pay to the commissioner, in
125 cash or by check, draft or money order, drawn to the order of the
126 Commissioner of Revenue Services, the amount of such additional tax
127 and interest. If, upon examination of such amended return and related
128 information, the commissioner finds that the company has overpaid
129 the tax due the state and has not received from or been allowed by the
130 United States government, or any agency thereof, a credit or a benefit,
131 as a deduction or otherwise, for or by reason of such overpayment, the
132 company shall be paid by the State Treasurer, upon order of the
133 Comptroller, the amount of such overpayment. If the commissioner
134 determines that the company's claim of overpayment is not valid,
135 either in whole or in part, the commissioner shall mail notice of the
136 proposed disallowance in whole or in part of the claim to the
137 company, which notice shall set forth briefly the commissioner's
138 findings of fact and the basis of disallowance in each case decided in
139 whole or in part adversely to the claimant. Sixty days after the date on
140 which it is mailed, a notice of proposed disallowance shall constitute a
141 final disallowance except only for such amounts as to which the
142 company has filed, as provided in subdivision (2) of this subsection, a
143 written protest with the commissioner.

144 Sec. 7. Subparagraph (B) of subdivision (1) of section 12-411 of the

145 2014 supplement to the general statutes is repealed and the following
146 is substituted in lieu thereof (*Effective October 1, 2014*):

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

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

153 (b) The tax imposed by subdivision (1) of subsection (a) of section
154 12-494 shall not apply to (1) deeds of the principal residence of any
155 person approved for assistance under section 12-129b or 12-170aa for
156 the current assessment year of the municipality in which such person
157 resides or to any such transfer which occurs within fifteen months of
158 the completion of any municipal assessment year for which such
159 person qualified for such assistance; (2) deeds of property located in an
160 area designated as an enterprise zone in accordance with section 32-70;
161 (3) deeds of property located in an entertainment district designated
162 under section 32-76 or established under section 2 of public act 93-311.

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

166 (a) (1) Except as otherwise provided in subsections (b), (c) and (d) of
167 this section, the commissioner may require every person who files a
168 tax return for any tax on a monthly or quarterly basis to pay such tax
169 during the twelve-month period following a determination of liability
170 under this subdivision by one of the means of electronic funds transfer
171 approved by the department, if the commissioner determines that such
172 person's liability for such tax was four thousand dollars or more for the
173 twelve-month period ending on the June thirtieth immediately
174 preceding the monthly or quarterly period with respect to which the
175 requirement to pay tax by electronic funds transfer is established. The

176 commissioner, in determining whether tax liability is four thousand
177 dollars or more, shall base such determination on the taxes reported to
178 be due on the tax returns of such person related to the period under
179 examination. If any tax return or returns of such person for such
180 period have not been filed, the commissioner may base such
181 determination on any information available to [such] the
182 commissioner.

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

186 (a) There shall be a Bioscience Innovation Advisory Committee that
187 shall consist of the following thirteen members: (1) Four appointed by
188 the Governor; (2) one appointed by the president pro tempore of the
189 Senate; (3) one appointed by the speaker of the House of
190 Representatives; (4) one appointed by the majority leader of the Senate;
191 (5) one appointed by the majority leader of the House of
192 Representatives; (6) one appointed by the minority leader of the
193 Senate; (7) one appointed by the minority leader of the House of
194 Representatives; (8) the Commissioner of Economic and Community
195 Development and the Commissioner of Public Health, or their
196 designees, who shall serve as ex-officio, voting members; and (9) the
197 chief executive officer [and executive director] of Connecticut
198 Innovations, Incorporated, who shall serve as the chairperson of the
199 advisory committee. Each appointed member shall have skill,
200 knowledge and experience in relevant businesses and sciences related
201 to health care delivery, medical devices, life sciences, insurance or
202 information technology. All initial appointments to the committee
203 pursuant to this subsection shall be made not later than July 1, 2013.
204 Appointed members shall each serve a term that is coterminous with
205 the respective appointing authority. Each member shall hold office
206 until a successor is appointed. Any vacancy occurring on the
207 committee, other than by expiration of term, shall be filled in the same
208 manner as the original appointment for the balance of the unexpired

209 term.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	12-213(a)(1)
Sec. 2	<i>October 1, 2014</i>	12-213(a)(10)
Sec. 3	<i>October 1, 2014</i>	12-213(a)(20)(A)
Sec. 4	<i>October 1, 2014</i>	12-213(a)(28)
Sec. 5	<i>October 1, 2014</i>	12-217pp(e)(2)(A)
Sec. 6	<i>October 1, 2014</i>	12-226(b)(1)
Sec. 7	<i>October 1, 2014</i>	12-411(1)(B)
Sec. 8	<i>October 1, 2014</i>	12-498(b)
Sec. 9	<i>October 1, 2014</i>	12-686(a)(1)
Sec. 10	<i>October 1, 2014</i>	32-41bb(a)

FIN *Joint Favorable*