
OLR Bill Analysis

sHB 5546 (as amended by House "A")*

AN ACT IMPLEMENTING CERTAIN RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS.

SUMMARY:

This bill authorizes the Department of Revenue Services (DRS) commissioner to disclose certain tax information to the Auditors of Public Accounts for purposes of reviewing whistleblower complaints. It also requires the state auditors to conduct biennial compliance audits, rather than annual financial audits, of the Capital Region Development Authority (CRDA) and Stadium Enterprise Fund.

*House Amendment "A":

1. eliminates provisions (a) requiring the state to withhold the state income tax refund of any taxpayer who has a delinquent patient account at the UConn Health Center and (b) authorizing the DRS commissioner to disclose tax information to the auditors for purposes of performing their auditing duties and
2. makes the provision concerning disclosures of tax information effective upon passage, rather than October 1, 2014.

EFFECTIVE DATE: Upon passage, except for the provisions concerning the CRDA and Stadium Enterprise Fund audits, which are effective October 1, 2014.

DISCLOSURE OF CERTAIN TAX INFORMATION TO THE AUDITORS OF PUBLIC ACCOUNTS

The bill authorizes the DRS commissioner to disclose tax returns and return information (see BACKGROUND) to the state auditors, upon a written request for the information, for purposes of reviewing whistleblower complaints. Under the bill, the auditors may not publish the tax information in any report they prepare on the whistleblower

complaint or subsequently disclose the information, unless the disclosure is to the attorney general for purposes of investigating the complaint. Violators are subject to existing law's penalties for unauthorized disclosures of tax information (a fine of up to \$1,000, up to one year in prison, or both (CGS § 12-15(g)).

CRDA AND STADIUM FUND AUDIT REQUIREMENT

The bill requires the state auditors to conduct biennial compliance audits, rather than annual financial audits, of CRDA and the Stadium Facility Enterprise Fund. It also eliminates a requirement that the auditors pay for the stadium audit.

Existing law requires CRDA to contract with an independent auditing firm to conduct an annual financial audit in accordance with generally accepted auditing standards.

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;
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)).

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 49 Nay 1 (03/25/2014)